

~~CONFIDENTIAL~~*Unnumbered in
Project*

Approved For Release 2001/09/06 : CIA-RDP78-04913A0001000300286

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1 September 1953

MEMORANDUM FOR: Mr. Saunders

SUBJECT : Project TPAJAX

REFERENCE : Memo dtd 31 Aug 53 to A-DD/A fr Comp, same subject.

1. I understand the referenced memorandum. However, it would appear to me that it is clearly illegal to honor the NEA request that expenditures made subsequent to 30 June 1953 be charged against the [redacted] obligation approved by the Director on 6 April 1953. It also seems to me that upon receipt of this memorandum on or about 29 May 1953 the Finance Division should have advised the NEA Division to this effect. It is my understanding that the NEA Division has made commitments in addition to those which are recorded on Finance Division books in the amount of [redacted]

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2. We must report on and make recommendations concerning two things to the Director: first, how did the error occur which caused us to ask for [redacted] from the Bureau of the Budget when we should have asked for [redacted] and possibly more? (This would appear to be brought about by our failure to advise the NEA Division that the unobligated balance of [redacted] could not be legally obligated after 30 June 1953, as well as NEA's erroneous advice to Mr. Wisner that it had [redacted] in the budget which could be used for this Project.) second, we must recommend to the Director a proposed course of action to take now. To do this we must find out exactly what commitments have been made, how much money it takes to cover them, what can be legally spent out of Fiscal Year 1953 money, what has to come out of Fiscal Year 1954 money, whether it can come out of the budget, or whether it must be released by the Bureau of the Budget from our reserve. In order to do this, representatives of the Finance Division and the NEA Division should get together and prepare a memorandum for my signature to the Director in which Mr. Wisner can concur.

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L. K. White

DOCUMENT NO. _____
 NO CHANGE IN CLASS. ☐
☐ DECLASSIFIED
 CLASS. CHANGED TO: ☒ 25X1A
 NEXT REVIEW DATE: _____
 AUTH: HR 70-2
 DATE: 06/04/82 REVIEWER: [redacted]

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31 August 1953

MEMORANDUM FOR: Acting Deputy Director (Administration)

SUBJECT : Project TPAJAX

1. In accordance with your request, there is listed below the action taken in connection with the above project:

- a. 6 April 1953, the sum of [REDACTED] was approved for project TPAJAX under this date by Mr. Dulles and Mr. Wisner. (See Exhibit A) 25X1A
- b. 10 April 1953, an allotment of [REDACTED] for this project was made by the Budget Division. 25X1A
- c. 29 May 1953, a memorandum was sent by Chief, Administration, NEA, to the Chief, Finance Division, requesting that the amount of [REDACTED] be recorded as an obligation against project TPAJAX and that an expenditures made subsequent to 30 June 1953 be charged against this obligation. This memorandum was approved by Chief, NEA Division. (See Exhibit B) 25X1A

2. On the basis of properly approved request for advances made by the NEA Division, the following payments were made by the Monetary Branch, Finance Division:

- a. 1 June 1953
 - b. 8 June 1953
 - c. 22 June 1953
 - d. 23 July 1953
- [REDACTED]

25X1A1a

25X1A1d

3. Based on the very meager information at hand at the present time, it is the opinion of the undersigned that the establishment of an obligation in this manner in one fiscal year and the expenditure of funds in another fiscal year is subject to question. Therefore, it is recommended that no further advances and/or payments be made under this project unless it can be definitely established that a legal commitment of 1953 funds has been made. It is further recommended that the Bureau of the Budget be requested to approve the release of the sum of [REDACTED] instead of [REDACTED] as previously discussed.

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E. R. SAUNDERS
Comptroller

Attachments:

Exhibits A and B
ERS:aks

cc: Signer's copy

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~~CONFIDENTIAL~~*Office Memorandum* • UNITED STATES GOVERNMENT

TO : Comptroller

DATE: 31 August 1953

FROM : Finance Division

SUBJECT: TPAJAX

1. In his memorandum of 2 May 1953 from the Comptroller to the Chief, Finance Division, the former states that Project TPAJAX is approved by the DCI in the amount of [REDACTED] stating that payments will be made in installments as the events progress.

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2. The following information is submitted as the result of a discussion with [REDACTED] the latter the Certifying Officer for the Project;

25X1A9a

(a) On 10 April 1953, [REDACTED] issued Allotment Advice No. 668-2 in the amount of [REDACTED] for Project TPAJAX.

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25X1A

(b) On 29 May 1953, in his memorandum to the Finance Division, the Chief, NEA requested that the entire [REDACTED] be recorded in the Finance Division as an obligation incurred for F.Y. '53. It is noted that the request was also made to charge any payments made after 30 June 1953 to F.Y. '53 obligations.

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(c) On their Report of Obligations at 30 June '53, NEA shows the entire [REDACTED] obligated.

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(d) On the basis of properly approved and certified Requests for Advances, the following payments were made by the Monetary Branch on TPAJAX. All payments were made as deposits to a single, spe-

25X1A1d

- (1) 1 June, '53
- (2) 8 " "
- (3) 22 " "
- (4) 23 July "

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(e) On 24 August, 1953, following a meeting with State Department officials, a voucher in the amount of [REDACTED] was processed and signed by the DCI. The entire proceeds of this voucher were subsequently, on 25 August, [REDACTED]

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ILLEGIB

Chief, Finance Division

2 May 1953

Comptroller

Support for Special Operation: TPAJAX

1. This Office has on file an "EYES ONLY" document authorizing the expenditure of funds up to [REDACTED] for the above project. Payments will be made in installments as the events progress.

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2. This project has been exempted from review by the Projects Review Committee and the preparation of an administrative plan.

3. In connection with the receipt of accountings and reports the following is quoted:

"This special operation obviously requires special security measures, and will be handled on "Eyes Alone" basis among those who need to know it. For this reason, usual accounting procedures cannot be rigidly adhered to, and it is therefore requested that written receipts from the recipients not be required."

4. The document on file in this Office has been signed and approved by the following:

25X1A9a

[REDACTED] Chief, NEA Division
Frank G. Wisner, DD/P
Allen Dulles, DCI

E. R. SAUNDERS

ERS:aks

cc: Signer's copy ✓

Payment

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COPY
EYES ONLY

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EXHIBIT B

P
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Y

29 May 1953

MEMORANDUM FOR: Chief, Finance Division

ATTENTION : Accounts Branch

SUBJECT :

1. It is requested that [REDACTED] be recorded in your records as an obligation against project TPAJAX, Allotment No. 3343-51-105.

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2. The field station is being advised of this action and will charge any expenditures made subsequent to 30 June to fiscal year '53 funds in consideration of this obligation.

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[REDACTED]
Chief, Administration/NEA

APPROVED:

25X1A9a

[REDACTED]
Division of Near East
and Africa

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Comptroller

2 September 1953

Finance Division

TPAJAX

1. Reference is made to memorandum dated 31 August 1953, from the Comptroller to the Acting Deputy Director for Administration, and memorandum dated 1 September 1953, from the Acting Deputy Director for Administration to the Comptroller. Subject of both memoranda as above.

2. In accordance with Colonel White's instructions, a meeting was held with representatives of the NEA Division. Attending were Messrs. [redacted] and [redacted] for NEA, [redacted] and the undersigned, representing the Finance Division. [redacted] [redacted]ifying Officer for project TPAJAX.

3. Messrs. [redacted] were queried regarding the NEA memorandum of 29 May 1953 to the Finance Division, requesting that the latter Division record the entire [redacted] allotted to project TPAJAX as an obligation incurred entirely within the fiscal year 1953. It was their opinion that NEA had the authority to make this request, and that it would be in accordance with the understanding that [redacted] Chief, NEA, had with General Smith and Mr. Dulles as a result of their original discussions concerning this project. Messrs. [redacted] informed the undersigned that the planning for and the implementation of this project contemplated and resulted in discussions between certain Iranian Nationals and [redacted], with CIA representatives taking part. In these discussions, certain commitments were made, the satisfaction of which required the obligation of the entire allotment on a date prior to 1 July 1953. It was further stated that this particular date was only incidental and that the same action would have been taken on any other time throughout the fiscal year. You will recall that the Finance Division reported advances in the total amount of [redacted] this project. [redacted] informed the undersigned that an additional amount, approximately [redacted] has been expended by the [redacted] for this project and will be appearing [redacted] financial reports. This would make a total of approximately [redacted] being disbursed at headquarters and in the field. Regarding actual commitments, [redacted] states that to his knowledge about [redacted] additionally has been committed for expenditure. He stated that in his opinion, based on known facts, and what could be expected to develop, a total of [redacted] will be committed and the remaining [redacted] will probably be returned as unrequired funds out of the original approved [redacted]

4. With respect to the misunderstanding resulting in a request made upon the Bureau of the Budget for [redacted] Messrs. [redacted] were queried regarding the position of NEA and any statements which might have been made which could have led to this misunderstanding.

DOCUMENT NO.

NO CHANGE IN CLASS. ☐☐ DECLASSIFIED

CLASS. CHANGE TO: TS 3 (C)

DATE: 06/04/82

AUTH: [redacted]

REVIEWE: [redacted]

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5X1A They informed the undersigned that Mr. Wisner had been made aware of the fact
25X1A that [REDACTED] had been approved for TPAJAX. However, since there was no
direct relation between the specific objective of TPAJAX and the objective for
which the [REDACTED] was approved, there was no intention to tie the two
activities together in such a way as to give the impression that [REDACTED]
was available against the later requirement for [REDACTED]. Apparently the
misunderstanding could have been augmented by the fact that a continuing reference
was made to the objective of the [REDACTED] grant as TPAJAX.
25X1A9a Mr. [REDACTED] stated that they had spoken with Mr. Wisner relative
approved for TPAJAX, having the knowledge that some part of this total had already
been expended, more had been irrevocably committed, and that the entire amount
had been obligated. They are of the opinion that Mr. Wisner was aware of these
details.

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25X1A 5. To avoid any further confusion or possible misunderstanding as a
result of associating project TPAJAX with this later developing activity, it is
suggested that a cryptonym be immediately assigned by NEA for the activity for
which the [REDACTED] was approved.

5X1A 6. It would appear that perhaps [REDACTED] may be recalled from the
original [REDACTED] approved, notwithstanding the obligation by NEA Division
of the entire amount. However, [REDACTED] strongly urges that before taking this
action inquiries be directed to the field to determine exactly what amounts have
been disbursed by them and what amounts have been committed for which funds must
remain available.

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7. Regarding the questionable obligation of the [REDACTED], it is
the opinion of the Finance Division that the request of the Chief, NEA, to take
this action was a statement by him that the funds had actually been committed
and irrevocably obligated. It is the further opinion of the Finance Division
that this request constituted a legal, obligating instrument and that it would
have to be honored in the absence of information indicating it to be an invalid
action.

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8. At the instruction of the Acting Deputy Director for Administration,
there is attached hereto a draft of a proposed memorandum to the Director, for
signature of the Acting Deputy Director for Administration and concurrence of
the Deputy Director for Plans.

[REDACTED]
Chief, Monetary Branch

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FOR PUBLIC AFFAIRS STAFF

PROGRAM STRAIGHT TALK

STATION WOR/TV

DATE October 17, 1974

11 AM

CITY

New York

FULL TEXT

STAT

PHYLLIS HAINES: The Central Intelligence Agency, which for obvious reasons tries to maintain a low profile, is the subject of two new controversies, because of recent events I should say. One, the overthrow of the Allende government in Chile; the other, the Watergate breakin and subsequent coverup.

This morning we'll ask two experts how much the CIA was involved in those events. And we'll also try to find out how the CIA operates, how often those so-called dirty tricks are used, and the extent to which even the President knows what the CIA is doing.

MARY HELEN McPHILLIPS: And those two experts are, first of all, Miles Copeland, who began his career with the OSS, which was the forerunner of the CIA. He's served as a consultant to the CIA, and he has also helped to organize intelligence and counter-intelligence systems for other governments. And he is the author of a book about the CIA, called "Without Cloak or Dagger, the Truth About the New Espionage."

And Tad Szulc, who's a well-known journalist, a former political, diplomatic, and foreign correspondent for the New York Times. He's well versed in the workings of the intelligence community. And he wrote "Compulsive Spy, the Strange Career of E. Howard Hunt." And his latest book is called "Innocents at Home."

And let's get right to the major controversy at the moment about the CIA. To what extent does that agency employ dirty tricks to topple governments unfriendly, or seen as unfriendly to the U.S.A.? Miles, I'll give it to you first.

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MILES COPELAND: That's two questions. First of all, dirty tricks, I don't think nearly enough under the present circumstances, given the kind of world that we didn't create, we just happen to be living in.

You know, Chile, let us start, let us jump right in with Chile. You know, the CIA has no magic, it has no gooffa-dust it can throw in the eyes of labor union leaders and truckers, and say you boys go out on strike. The only way the CIA can organize the overthrow of a government is to use forces which already are existing in the country.

I mean, you can't mobilize forces that aren't there. If Allende really was a popular leader, the CIA wouldn't have had a chance.

HAINES: Don't you think eight million dollars would go fairly...

COPELAND: You couldn't win an election in Boston for eight million dollars. Besides, they didn't spend the eight million dollars in Chile. But what the eight million dollars went for, after all, was to help people in the country do what they wanted to do anyhow.

You see, the Allende did freeze the funds of the unions, so the unions could not operate the way unions operate in a free country, let us say Britain or here, where they go on strike and they have union funds. He even closed the commissaries so they couldn't buy food.

So the CIA made it possible for the unions to do what they wanted to do anyhow. As for the newspapers, of course there Allende had refrained from closing down the press, as the Soviets had told him he should do. He thought he knew best, and he thought he could just do it subtly by freezing newsprint. And, of course, the CIA made it possible for them to buy newsprint.

But the CIA, you know, is limping along on sort of second rate talent these days, and the best the propagandists could do for the newspapers was just enable them to keep open. I'm told that they wrote some articles for the press, and they just weren't any good. The press could write their own articles. They were against Allende.

According to the British Embassy - of course, we usually leak to the British because they're more left-wing than we are, and we usually can believe what they say, they had more credibility than our own government had at the time - but the British say

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that, after all, when Allende won only thirty-six percent of the vote when he was elected, but that he had at most ten percent of popular support at the time when the CIA mobilized the ninety percent to throw him out.

But the CIA did it, I think, very awkwardly. I think IT (sic) got in and messed things up. I mean, ITT sort of bungled around. They had every right. I mean, I think we do that in this country when a private company is about to be taken over unfairly, and seized by some government power, of course the private company goes roaring to the American embassy. And of course ITT went right into the American embassy, and didn't roar loud enough, and the embassy was sort of weak and scared, the CIA had come into a lot of criticism in Vietnam, so they were very timid.

So my theory is, to put it bluntly - I think Tad will undoubtedly disagree - but I think they came in a little too late. I think they should have prevented the Allende election in the first place, which they could have done.

You know, Allende came for help, too. As our ambassador has testified, he personally was approached by Allende, who said look, you're handing out money to the other parties, hand it to us.

But I've neglected the last part of your question. We do not support moves of this sort to put in a pro-American government. That is never, never the policy. It's to prevent communist dictatorships. In fact, in the unlikely, in the impossible event that there was such a thing as a popular communist government, which just couldn't be in the world today, even is Russia, well then I think we would, we would even tolerate that.

McPHILLIPS: Tad, it's your chance.

TAD SZULC: Well, I guess it's my chance to say two things. I agree with you in the first instance that it was a bad job from an intelligence viewpoint, it was badly done, but for other reasons than you'd say. The second point, which should be really the first point, is that I have reservations about the United States Government getting involved in destabilizing, overthrowing other governments, on the theory that they may become more or less dangerous.

Because if you follow this, then where do we go from here? We have Portugal now, which probably merits some attention.

COPELAND: It'll get it.

SZULC: Why not Greece? Italy, which since 1948 is the

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genesis of this whole business. Sooner or later we'll be in the business either for the CIA or the Department of Agriculture, or what have you, in changing, overthrowing governments around the world.

It seems to me the world is changing to the point where this simply doesn't work. I think it may create a backlash in the long run which can be more damaging to the United States than the existence of Marxists, whatever that means, socialists, even pro-communist government in a place, say, like Chile, which is 'x' thousand miles removed from here.

So I'm a little uneasy with this whole conceptual approach to how intelligence should be used in these kinds of cases. Okay?

COPELAND: No, not okay at all! What happens if we don't, Tad? I mean, you're perfectly happy for communist dictatorships to take over in these countries? Because they will. You see, the CIA, we know about the CIA failures, but there are many, many countries in the world where they have perfectly well-running democratic systems, thanks to the fact that the CIA helped the democratic forces keep out communist dictatorships. And those we never know about. We know about the CIA's failures.

SZULC: I know, we know about those, we know about Greece.

COPELAND: What about Greece? Tell us about it.

SZULC: After the 1967 coup of the colonels, which was another communist, shall we say, non-democracy.

COPELAND: Well wait a minute, let's stick on Greece a minute. You're not saying that the CIA put in the colonels, are you? They supposedly, after the colonels got in -- but are you saying that the CIA put the colonels in?

SZULC: I cannot document it either way.

COPELAND: Well, it is documented now. You know the chief of the station there, whom I believe is a friend of yours, will say that they did everything in the world to help the Greek government all the time stand up, stand up and have real democratic government in Greece, and stand up to these tremendous pressures, which are coming from a communist minority; and that in desperation they threw in their hands. And then what happened in Greece, what happened in Chile later on happened in Greece, the colonels came in and took over. But you can't say the CIA wanted those colonels to come in. I mean, that's the last...

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SZULC: Not necessarily, but once the colonels were in, for the next seven years they developed the situation of government, which if democracy's what we're talking about, which is relevant to me, and it's your context, this is not what obtained. I think that we made several blunders in 1974, in handling the junta's dying days in the Cyprus context.

Let's go to Brazil, where allegedly the CIA, or someone, played a certain role in pushing the military coup d'etat. And by the way, I do agree with you that I know of no situation in which any intelligence agency worked in a vacuum, (WORDS UNCLEAR) ...to a government. Obviously you have to have a situation which is conducive to the last final push of encouragement, either by the CIA or the State Department with economic aid. Obviously this is true.

But I think that we seem to be in situations in which, whether we installed them, as we did in Guatemala with Col. Cassiarmas, or we begin to support them once they're in, in the cause of anti-communism we create the other monstrosity.

I was just as unhappy in Prague in 1968 seeing Soviet tanks in the streets as I was in Rio de Janeiro, Brazil, seeing kids going to jail for saying, you know, long live freedom.

COPELAND: You know, I'll bet you if we had long enough to discuss this we'd wind up agreeing. Because I don't find very much difference in this from my own views. But I think what it really comes down to is a question of the lesser of evils. I don't think Tad and I like it either way. I mean, the CIA certainly doesn't like military dictatorships.

Let me go back a little history here. I started this thing out, I was probably the first political actionist the United States Government had. In Syria in 1948, wasn't it, Tad, you remember we put in Sayim (?) down there, my great buddy. And our idea then was to say we want somebody who can make peace with Israel. And back in State Department they couldn't care less what kind of government it was, as long as they'd do something about Israel.

And, as you know, in those days there were no Arabs in the Syrian army, they were all Serbs and Caucasians, and Jews, and so on. But we thought if we could get this Kerd (?) in, military dictatorship or whatever, then he'd make peace with Israel.

And I remember when we first reported this, by George McGee, who was Assistant Secretary at the time, we let him know that

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we were in contact with this colonel who would take the government over. And I think we even told him in a letter that I'd been around town and told him how to grab the radio station, and how to grab the power, and all this sort of thing.

The message back was: don't tell us about it; if there are truly democratic forces that want to take over, say, we mustn't stand in their way. Democratic forces! We'd said that it was going to be a military dictatorship. Okay, so Sayim (?) took over, and didn't make peace with Israel, so we got rid of him and put in Shishakly, who was another military dictator, another friend of mine.

But when Kermit Roosevelt got into this thing, he was brought in by Frank Rizener - all of these people were friends of mine, you run into the same friends down in Washington - Kerm said no military dictatorships. He just would not deal with them, because once you get them in they're hard to get out.

The reason you get them in is because they're easy to deal with. You get the colonel, and the majors do what the colonels say, and the captains do what the majors say - you can deal with a few people and take over the whole country. But Kermit said once you get them in you can't get them out.

So when the Ajax operation, the Iran king (?) thing, he said nuts to the colonels, we'll not do anything with them at all, we'll get popular forces. So the whole...

SZULC: They had a perfectly good Shah to bring back.

COPELAND: Well they did, and they had the Shah to bring back, of course.

SZULC: He did exist, he had a certain amount of support. So that you know, the elements in Iran were much more in favor of a rational operation than very often elsewhere.

COPELAND: Well, let me continue what I was saying, Tad, and this is where you may disagree just as a matter of fact, but I can tell you that I don't know anybody at the agency that wouldn't do without a military dictatorship, unless there was just nothing else to do. You deal with certain countries in the world, and they're not democratic, the people are not -

Egypt, I mean, the Egyptian people, can you imagine a Democratic and Republican Party? In a situation like happened in Chile, can you imagine anything other than a kind of dictatorship in Egypt, or Syria, or Iraq? If you have anything, you're going to have a kind of military dictatorship, that's all you can have.

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SZULC: But Chile's not comparable.

COPELAND: No, no, I know it's not. In Chile the CIA should have backed one or both of the parties. As you know, they didn't back one of the opponents, they didn't back both of them. And it didn't settle all the fights they were having between them.

HAINES: Mr. Szulc, do you go along with the idea that the United States Government should intervene in the domestic affairs of other governments? I mean, are you accepting that?

SZULC: Certainly not.

COPELAND: Certainly not, I don't think the United States should do that either. But you asked the question wrong. Of course they shouldn't. But they have to every now and then. It isn't a question of whether they should or shouldn't. Because the dangers of not doing it are so terrible.

Phyllis, look, you know we're not a self-sufficient country at all. We have deliberately become internationalist. Instead of developing alternatives to what they call in Washington omnium(?) - am I getting the phrase right - these funny little metals that you need to harden steel, to make it resistant to high temperatures - there's a whole range of them, the names of which I don't even know, probably Tad doesn't either but funny little things, very, very essential to us, and we have to have them. And if we don't get them our industry can be brought to a halt just much more quickly than stopping the petroleum supply. We have to have those things, we have to have them.

And if there is a communist dictatorship emerging in some country which is going to say you can't have them, well then we have the alternative of really absolute chaos, or doing what is necessary to have a government which at least has the power, freely, to accept our American dollars.

SZULC: Well, Miles, you're equating any government which is communist with any government which is...

COPELAND: Communist dictatorship.

SZULC: Or dictatorship...

(OVERTALK)

COPELAND: Can you imagine a democratically elected communist party, can you imagine that?

SZULC: Well, it almost happened in Chile.

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COPELAND: What percentage...

SZULC: Wait a minute. I think the point that should be made at this stage is that, what do you do if you have a government, dictatorship or not, which is not communist, which sympathizes with the United States, which is nationalist on another model, which either has developed or will develop in the Third World, and which refuses to provide you with oil or other raw materials, do you also apply the same pressure, quite aside from the ideology? There's no end to this road, once you start on it.

And this is the situation with the north and south, those who are poor are now rich, those who are rich, you and I, are becoming poor. If we will have the reaction of invading people, you know, from Abugadi (?), to Chile, to Portugal, then my god, you know...

COPELAND: You know, the only way you can get a government in this world which has anything like an intelligent electorate, which won't do business with the United States, they must be all on LSD tablets. You know, it's profitable to do business with the United States. Just to say arbitrarily, we won't deal with the United States, it's kind of suicidal, the world economy being what it is now.

Now if you're talking about the Arabs, I think they'd love to get off the hook that we got them on. I don't think the Saudis want to hold us up. I think maybe the Arabians are having a little burst of being obdurate. But I think even they realize that they are making terrible targets out of themselves, not for us, but for the other side.

Look, in China, all of these three year plans, five year plans, in the so-called Third World, none of them are going to reach it, because there's just not enough goodies to go around. But the Chinese have committed themselves now to an industrialization program which requires two hundred million tons of oil a year. And they can't go back. I mean, they're building their factories, they're getting away from coal. It's making tremendous -- they've even moving populations.

Now they only have in sight, with the Yellow Sea, and with all of their finds, thirty-five million tons a year. And they're even selling some to Japan, even though they can't spare it even now. But before very long they're going to be short one hundred and sixty-five million tons. And they've got to get that from...

SZULC: From somewhere.

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COPELAND: Yeah, and the Arabian Peninsula is a tremendous target of the Chinese, as the Saudis well know. Now my second point is that even if I were exaggerating, and I'm not, the Saudis are terrified of the Marxist-Leninist little groups...

SZULC: The king is petrified of a radical colonel, of a Saudi, Arabian Quadaffi.

COPELAND: And the Palestinians. He's worried about his princes being kidnapped when they go abroad, they are subject to Black September, and everything else. Now all the king is saying to us, in effect, and as I believe you're directly aware he told Mr. Kissinger this, look, get the pressures off me and I'll do what you say, I'll be reasonable. But consider my problem, consider the pressures on me which you helped create.

SZULC: Well, we did help create, because we overarmed the Persian Gulf, we overarmed, either by supply or by direct sale, for "balance of payment" reasons, quote-unquote, a strong arsenal of arms in the Persian Gulf.

COPELAND: So it's not a CIA problem, then.

SZULC: No, it's not, for once it's not.

COPELAND: Okay, I agree with you.

SZULC: But you create a situation which then becomes a problem. If you have an overthrow of Faisal, which I suppose is in the cards, it did happen in Libya and elsewhere, then how do you put this whole thing together again, so that your SaudiArabian government will be pro-U.S., whatever pro-U.S. means in the context?

COPELAND: We don't care about that, they're already pro-U.S. May I make a suggestion? Look, this little book that I wrote here answers most of the questions about how the CIA does things. And it's the first book that's really told as much as anybody's told.

Can we talk about Tad's book, because that's really...?

SZULC: That's an old one, it's been out for a year now.

HAINES: I would like to talk about something that Mr. Szulc has written at length about in New York magazine, and I am very curious to find out how much control Mr. Kissinger has in all of the things we have discussed. Apparently most

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Americans are aware that he is involved in leading us in his open policies as a negotiator, as a diplomat. But what happens in the Forty Committee, and how much control does he actually have over the CIA?

SZULC: Well, I think it's an unusual situation where the Secretary of State, which Mr. Kissinger now is, as of last year, is also the head of the National Security Council operation, which in turn has this thing called the Forty Committee - which, by the way, has only five members. It's named after the sequential number of the document which created it. So is that sense he directs, in a certain dimension, the work of the larger intelligence community, which is the CIA, Defense Intelligence Agency, National Security Agency, the State Department, Intelligence Research, what else, I've forgotten.

McPHILLIPS: He's in charge of them all.

HAINES: Did he decide on Chile, was it his decision, or was it the President's decision?

COPELAND: Well, it wasn't the CIA's, I assure you. If you knew the CIA you'd know they never decide on anything. They're so afraid they're going to do something wrong, they haven't got time to worry about doing something right.

SZULC: No, I think the point I want to make - excuse me - the point I want to make is that you have to understand that the intelligence community, of which the CIA's a part, is not an animal that works by itself. It is part, it's tied into the larger foreign policy making function of the government at its highest level, of which the President is obviously the number one man.

In the situation which now exists Dr. Kissinger indeed has in hand the intelligence community through the Forty Committee and other groups. Now as Miles knows, there are a great many people in the CIA who are very unhappy with the arrangement

which has developed in the five or six years under Kissinger. Some of my acquaintances and friends feel, for example, that Kissinger has destroyed or very badly damaged the function of national estimates of the CIA by, in effect, becoming the traffic cop of the community himself.

I think, from the little I know, from the outside, I tend to agree that evaluators should be professional evaluators. I think the CIA has some of the best ones. We're talking now about the analysis side of the agency. Kissinger cannot be

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the producer and the consumer of intelligence at the same time. And I think this is where he is weakening the Intelligence Agency in the area which I think is very important and useful, which is analysis, evaluation, and so on.

Because, you know, we all talk about the CIA in terms of dirty tricks, covert operations. But there's a huge world of, you know, academics and experts on every subject under the sun, who are part of the analysis section. And you cannot have a foreign policy unless you understand events in the world. You do not understand them unless you analyze the material which comes from many sources.

And this is where I think the CIA is being damaged the most by the kind of pressure it has today. Do you agree with me, Miles?

COPELAND: I agree entirely, yeah.

HAINES: And before you agree any more, perhaps we can take a break, and we'll come back, and we hope to find out what people are talking about when they say covert and overt operations. We'll be back in just a moment.

* * *

HAINES: We're talking with Miles Copeland. The book is "Without Cloak or Dagger, the Truth About the New Espionage." We also have Tad Szulc, whose latest book is called "The Innocents at Home."

And, Mary Helen, during the break you said you'd like to start back at the beginning.

McPHILLIPS: Well, I think maybe we ought to clarify just what the CIA was authorized by law to do.

COPELAND: Well, they're set up to provide the executive branch of the United States Government with such information as it needed in order to make intelligent decisions: I think later they narrowed it to say affecting national security, because there are other intelligence agencies.

SZULC: The National Security Act of 1947, which has one interesting section, that is Section Five, which describes the normal intelligence gathering operations with which the agency's charged. And then it says: and the agency may perform from time to time other tasks that it may be charged with by the National Security Council.

And I guess this was the key which made it possible for the agency to get into a great many other things.

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COPELAND: But it didn't do many other things. Finally Frank Rizener was brought in to think of things to do. The Russians were doing it. And we are not saying the Russians are doing it so it's all right for us to do, that's just the wrong way to say it. I mean to say that is like saying Hitler was arming and taking over half of Europe, so we were imitating Hitler. It's not a question of that, it's a question of defense.

So President Truman decided that we should look into the possibility of getting into this act, where required. Well, we formed a very small OPC, it was called, Office of Policy Coordination, one of these funny titles.

SZULC: That was before the Central Intelligence group.

COPELAND: No, it was after. The Central Intelligence group, then the CIA. And the CIA was divided into various departments, China, Russia, and so forth. And then a secret operations section was set up, and it was spying, espionage. And then an outgrowth of that was political action, covert action, that was doing things clandestinely. And that was headed by a man named Frank Rizener. And I came back from Syria to devise means of systematically interfering in the affairs of sovereign nations. And we did this only -- you have to go right to the White House before you can do these sorts of things.

HAINES: But is it legal then?

COPELAND: Oh yeah, oh sure.

SZULC: I guess it depends how you care to define statutes. The law does use the construction: and any other such actions as the National Security Council might direct.

COPELAND: So when the National Security Council directs it, it's legal.

SZULC: It is legal, and this is what's called the secret charter, I believe.

COPELAND: That's right.

SZULC: Because once you have this loophole, or this statement in the law, any other function could mean anything, including invading the moon with frogmen, doing anything. And there's no limit to it.

COPELAND: It could be anything.

HAINES: May I ask you a question?

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SZULC: So there's a flaw, maybe.

HAINES: Mr. Szulc, can we at all be morally indignant about communism and communist subversion if we as a nation take part in upsetting other governments? I mean, how can we go around talking about...

COPELAND: Phyllis, come off it, look, could we...

HAINES: I'm sorry, I don't mean to be rude, but I did address the question to Mr. Szulc, I would like to hear his answer.

SZULC: Well, I can, I am indignant about a great many things. This is one of them. This is going backwards to what I said before. I don't share Miles' view that it is necessary or an advantage for the United States to get involved in changing, altering, upsetting, overthrowing governments which--whose ideology we don't like. Because I don't think we can acquire missionary zeal of overthrowing people we don't like.

And there's a built-in contradiction. If we are going to be consistent with what Miles was saying, and we don't like communist dictatorships - I was in Prague in 1968 when the Soviet tanks rolled in to stop precisely an attempt at liberalizing that which was Marxism, or whatever you want to call it, I sat in the American embassy and looked at the American flag and said, my god, you know, if we're ever going to be free anywhere in the world in the name of democracy against communist dictatorship, this is the time.

But of course now, because of the Yalta agreement spirit, or what have you, was still there, so we were looking the other way, and we were organizing a coup d'etat in the Chad (?) or in Paraguay, while the Soviet tanks were rolling down the street.

So one should say this, of course I'm morally indignant, because I think it's silly to create intervention only when it suits you, and sometimes for irrelevant reasons. You know, we can discuss the pros and the cons of Chile. I think the concept is wrong.

And I think a changing world - you know, we were talking about trade, and we're so proud of the wheat we sold to the Soviet Union, we could have been buying copper from Chile, which we were:

So to answer your question, I think it's wrong. Certainly we should have major intelligence operations to know what happens in the world, because otherwise we cannot cope with the world

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or live with it. I suppose a situation may arise which anyone can visualize; and which it might be a matter of national interest to intervene in a situation which may have a real, deep danger to the stability of the western world, or the United States. And maybe a new economic force in the oil things, one of these cases may arise somewhere.

COPELAND: I agree with all that. I think that the question of moral indignation - I always object to it as sort of a heavy question...

HAINES: You keep saying that!

COPELAND: When Hitler rose in Europe we didn't have time to horse around with being morally indignant, we had to do, let's face it, the same thing. We had to arm ourselves, we had to fight, we had to kill people, which is morally wrong.

Now what I do agree with Tad on is that we should do this only when there's no other way out, when the only answer to stave off some catastrophe is to step in and do this clandestine kind of thing, which is infinitely better than sending in battleships.

Now what Tad is worried about is that we'll get carried away and we'll do this every time we don't like something. And we shouldn't do that, I agree with you.

SZULC: There are many times where we shouldn't. The Bay of Pigs was a silly thing.

COPELAND: And that was not the CIA, you know. Your information is that the CIA believed that the Bay of Pigs was a good thing?

SZULC: Dave Bissell (?), who was the authority at the time, told me at the time that he believed it could be carried out, and that's why...

COPELAND: With air cover.

SZULC: With air cover.

COPELAND: They didn't get it.

SZULC: But he also said something else, which is what they believed at the time, which is popular support on the island, once the brigade landed on the shores. I'm not at all convinced that air support short of, you know, running B-52's over Cuba, would have made all that much difference to that small, disorganized brigade which landed in that place. And so on, and so on. I think it was a professionally bad job of predicting intelligence, and so on.

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COPELAND: We haven't disagreed. The CIA did something it shouldn't have done, as Tad tells it. Now I don't agree that the CIA believed it was a good thing. Because, you know, they went on record all along the line, first saying that there was not this much resistance in Chile, that was the intelligence side of the show. Dick Bissell said nonetheless we should do it. General Eisenhower very much wanted this operation. And then when President Kennedy came in he cut out that white elephant, which the CIA said was the sine qua non, that is the air cover, and he cut that out at the last minute. This is all documented.

HAINES: Can we go back to something - oh, I'm sorry, you wished to say something?

SZULC: No, that's all right.

COPELAND: I was hoping we were going to talk about Watergate here.

McPHILLIPS: We'll get to Watergate, too. But can we go back to something you said, in relationship to Chile? You said that the CIA should have guaranteed that someone other than Allende was elected in the first place. And I want to know if Tad would agree with that.

SZULC: No, I would not.

COPELAND: I didn't put it exactly that way...

SZULC: But the spirit of the thing -- No, because I think that the terrible things which Kissinger predicted on the 16th of September - which is a day I happen to remember, because it was the background briefing for editors - in which he said if Allende was elected - and he was elected - but if he was confirmed by congress, the Chilean congress, then we will have communism in Argentina, and Brazil, and Peru, and down the line.

COPELAND: They were on the way to it, there were scores of Argentinian, Brazilian, Uruguayan communists pouring into the country, setting up little headquarters.

McPHILLIPS: I thought we were in a detente, that it was arranged by Dr. Kissinger.

SZULC: It depends with whom. But I don't think that -- again, you know, this is the reverse of what you were saying about documents in which the CIA cannot organize revolution, which I agree. But by the same token I don't think that Chilean

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communists can, if you want to call it that, move the contagion of communism to Peru, or...

COPELAND: Well, they were being hospitable, they were providing headquarters for communists from other countries.

SZULC: This is not a very valid reason for overthrowing Allende, because the Brazilian government is not happy about, you know, their exiles.

COPELAND: There are other reasons we haven't been told, you must agree with that.

McPHILLIPS: How about Portugal, people are very concerned there that the communists will win over in the next election?

SZULC: I think there's a very interesting lesson there, it's an irrelevant lesson, particularly for the south of Europe, because we have Italy and Greece. What happens when the forty years of dictatorship the Portuguese had under Salazar and Gae-tano, do you create a situation in which you destroy normal, healthy democratic forces to the extent that only clandestine movements, such as the Portuguese Communist Party in this context, will survive?

I believe, as in Spain, if Franco ever dies, which is questionable at this point, I wouldn't be surprised if we had almost a rerun of the Portuguese situation, he knows all the difference that you allow. So the question is, if we support, the United States did support over the years those dictatorships, the Salazars, the Francos, with the military bases, credits, and so on, don't you really create in the long run that which we profess to fear most, which is communism?

And I think that Portugal is one of those incredible cases where non-fulfillment of false prophecies - you know, something like this. And I think one should ponder, when you deal with strong-arm governments, whether you are not really creating that which you profess to fear. And I think that Portugal is a case in point.

HAINES: It seems very strange to me also, and I would like you to answer this question: how on the one hand the United States can have an open detente, as Mary Helen brought up before, with the Soviet Union, we've been visiting China; and yet you wave around this word communism. You know, granted it's a horrible thing to have a country that's not free. But you have a President going back and forth freely to visit communist countries, so how can you legitimize having -- why overthrow a government of communists that is so small, infinitesimal, as compared to the gigantic Chinese government, or the Soviet Union?

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SZULC: Because you have a super-power situation here. You deal elegantly with super-powers who have nuclear weapons, such as the Soviet Union and China. Albania has no nuclear weapons, neither does Chile, therefore you are not bound by the detente rules of the game.

The warmth that comes into the Brezhnev-Nixon or Ford relations is not required with Chile, because Chile is not the threat that the Soviet Union could be to us in a nuclear situation.

COPELAND: Absolutely, the same way the other way around. You know, the Soviets...

SZULC: But it's kind of dishonest, you know.

COPELAND: Read Tass, you know, the Soviets are very, very warm about detente, and they believe in it when they're talking to us, but read the Soviet press about how they feel about Chile. Read the advice that they're saying, the way they should have had Chile to do all over again.

HAINES: So are we saying if you're a small country and we don't like the kind of government you have, you're in real trouble - is that what you're saying?

COPELAND: I'm saying, Phyllis - you see, you put it in a moral light, in this moral-immoral -- we don't make the rules of this world. Really, we are the most democratic people, and we're the most benevolent. Doing business with the United States is a good thing for anybody to do.

But there are people working against us who use dirty tricks, who are friendly to us to the extent that they have to be, and at the same time work against all these little governments in the Third World.

But remember this, we are always on the defensive. There's no case that you can name where the American government would say we're going to take over such and such a government and put a pro-American government in and have them do it our way. We don't have to. If we leave things alone they'll be pro-American.

What we do is to prevent the other side from putting a government in there which would deny friendship to us.

SZULC: Before you define the other side putting in, can we document or claim that Guatemala, poor Mr. Arbens, was an agent of the Soviet Union? But first a very important point,

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because we live in a world of mirror images. We profess to be for democracy, however we interfere in a novel democratic process which happens to produce a Marxist government in Chile. At the same time the Soviet Union, which has this new detente relationship with the United States, thinks nothing of sending tanks rolling into one of their clients, if you like the word, or satellites, and destroying a liberal government within that orbit. So the super-powers do work in mirror images.

COPELAND: But there's one thing you keep leaving out here. There are many, many countries in the world we don't hear about. We hear about Guatemala, we know about Chile, we know about Cuba. But think of those many, many places we don't know about where there are more or less democratic governments, as democratic as the people in the country will allow, and they have the CIA to thank for keeping out the other side.

McPHILLIPS: But if we don't know about them, how do we know they exist?

COPELAND: We can't, that's what the CIA's all about. And that's the great trouble the CIA has, is that the things that it does every, every, every day, which I wrote about in my book and my book is the only one that's written about that side of the CIA, by the way. Here we have Marchetti raising the roofs because he's given away ten times as many secrets as I have, and you don't get in trouble with the CIA.

My book doesn't praise the CIA, as I think Tad will agree. But it does show that the CIA is doing things every day that keeps some of these Chile situations from arising in the first place.

SZULC: You know, Miles, Bill Colby, who's the director of the CIA, attended a very interesting conference in Washington about three weeks ago on the subject of covert operations, and he made a point which kind of symbolizes this whole attitude. Bill said there must be some in between a diplomatic process and the landing of the Marines. And this something is covert operations.

Now I think this is taking an enormously broad concept, because I cannot believe that the United States does not have intellectual and dramatic human resources to do that only with two choices, sending a diplomatic note, or sending the Second Airborne Division. If we have been reduced to that, then I am quite concerned about this country.

COPELAND: Well, I'm quite concerned for this reason: all this talk about is the CIA going to do this in Portugal, and all these situations that are arising which are much more dangerous than Chile. And my answer, having just come from Washington,

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is probably not. Probably the CIA is going to sit up there scared to death, with its best personnel quitting, and the CIA is going to do precious nothing about some of these situations arising. Neither is our government, and the situation is just going to deteriorate - in Italy, and Portugal, and some of these other places. The CIA is off the air, forget the CIA.

McPHILLIPS: Something I'd like to ask, and we will - we have to take a break for a moment - but how much do the big international companies, that are really American companies, have to do with how our government views other governments? But first of all a short break, and we'll be back.

* * *

McPHILLIPS: Back again now with Miles Copeland, affiliated at one time with the CIA, who's written a book, "Without Cloak or Dagger," and Tad Szulc, the well-known journalist, whose latest book is "Innocents at Home."

I'd like to know just how much influence big companies - ITT comes to mind, but there are many others - big food companies, and so forth, whose money and management is American, have to do with what the United States Government does about other countries' governments.

COPELAND: I'm going to make this answer as short as I can, because I'm more interested in hearing Tad's response to it, reaction to it, than I am in what I've got to say myself. But I am a capitalist, I'm a nasty old money grabbing capitalist. And I am that because I believe, I really believe that what's good for General Motors is good for America. I have to believe that.

I believe we have no apology to make for our capitalist way of life. I think that people who've dealt with us throughout the world have gained from our capitalistic relationship with them.

Now if the CIA gets off the air, as I suspect it is, the companies that I've been working with, which I do not intend to name, do not intend to take this lying down. We intend to do what we have to do throughout the world to look after our capitalistic interests - capitalistic interests, underlined, quotation marks, any way you want it, italicize it, whatever you want to do - and we will regard ourselves as acting in the best interests of the United States, as we're doing it.

We don't intend to be secret about it except where we have to. We don't intend to be secret in the sense that the CIA

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is concerned. We intend to let our government know what we're going to do, and if our government is in a position to stop us, it can.

But that's the way I feel about it, and I think the way most multi-national corporations based in America, and elsewhere, feel about it.

McPHILLIPS: Do you have any response to that, Tad?

SZULC: Oh, I'm sure that Miles is right, that this is the way the companies do. But, again, it seems to me that in a world of multi-national corporations, or trans-nationals, you have a new danger developing, that you get parallel foreign policies.

Miles said that the U.S. Government can't stop company X, Y, or Z from perpetrating the act of purchasing government below the Sahara. But I think that the companies, because of their resources, which are political and economic, may engage, as they have engaged, in political situations which not necessarily have to match the U.S. foreign policy.

Quite aside from whether we stand for capitalism or not, because I'm not even sure this is relevant. You know, there's a whole separate, which you know better than I, but which I think has to be discussed some time in great seriousness: to what extent with a totally free hand the oil corporations have, for the last twenty-five years, since World War II, in their dealings with the oil producers, have led to the situation of crisis, and the creation of OPEC, the fear of OPEC. And this was the Standard Oils, and the CalTechs of this world, who are free to do what they please, both in their dealings overseas, both in their dealings at home, resenting any kind of control by the United States Government.

And the results are deplorable - the crisis of '73, the new crisis in oil. I remember a passage - may I just say one thing? it was outlined by FDR back in the end of the war, he said, you know, "Oil companies are a problem, you cannot govern with them, but you cannot govern without them." And I think this was at the time he was trying to establish that government oil corporation. He hasn't, for reasons which are history.

What is the situation today? That the oil companies themselves have lost their leverage in the OPEC countries. The U.S. Government has no leverage. Therefore my question is, is it really all that wise, in the name of capitalism or any other name, to allow multi-nationals to have their own foreign policy?

I think that the American national interest - which to me is somewhat distinct from pure capitalism - can suffer in

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the end if, you know, a major company has its own foreign minister, or war minister.

COPELAND: My turn. Well, I would say that if there is a clearcut American policy, rather than just some goody-goody statement of it, I think that everybody would fall in line. But, my god, imagine going to a doctor, you've got cancer, "Doctor, I've got a terrible pain in my left chest," and so forth, "and I think I've got cancer," and so forth, and he says, "Just a minute, I'll go away and consult." And he comes back and says, "Well, I have a statement to make. I am unalterably opposed to disease in any form." And there you are standing there with cancer.

Well, this is the kind of thing we've been hearing from the State Department. So I say: conflict of policy - conflict with what policy? Lord knows, it had clear enough policy in restricting the oil companies with the many things it's tried to do. There's plenty of policy there. I mean, if you've ever worked for an oil company...

SZULC: No, I haven't.

COPELAND: Well, you know, you can't wiggle your little finger without the Federal Government...

McPHILLIPS: A lot of people have said that we don't have a clearcut foreign policy.

SZULC: Well, I think to the extent that it matters, the Senate hearings this spring and late last year on the whole tiresome history of the oil companies in the Middle East, long before the creation of OPEC, all the conflicts which were arising at the time - you mentioned George Magee, who was very much involved in all of this at the time he was Secretary of State for the Middle East.

I am not convinced to this day that the national interests of the United States - which means, I suppose, a supply of fuel, or what have you, to the nation, to the country, to its industry - necessarily has to be equated, or has been equated with the stock market, or dividend interest of corporation X, Y, or Z.

In an old-fashioned sort of way I'm interested in the national interests of the two hundred million Americans.

COPELAND: So am I, Tad. I think they're identical in this case, thanks to this way of operating, which I see no apologies for.

McPHILLIPS: Can we go on to Watergate, since it's still, much as people would like to forget it, it's still clear

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in many people's minds? What is your understanding of the actual involvement of the CIA in the whole Plumbers operation? Either one of you.

COPELAND: I don't know, I haven't heard...

SZULC: To the extent that millions and millions of pages of testimony have been brought out by now, I suppose it was probably marginal. I think that the agency made a mistake, violated the statutes, by allowing Mr. Hunt and his friends to acquire two big pieces of equipment, you know...

COPELAND: Wait a minute, it was a false beard, or something.

SZULC: Look, the whole thing was absurd to begin with. Nevertheless, Mr. Howard Hunt, basically a nonentity, arrives in the office of the Acting Director of the CIA at the time, General Cushman...

COPELAND: Coming from the President of the United States.

SZULC: Coming from John Ehrlichman, who was not quite the President of the United States, we know that much.

COPELAND: Same thing, same thing.

SZULC: Probably in the same conversation asking for disguises, voice altering devices, and what not, for what turned out to be the absolutely insane, insane purpose of interviewing some chap up in New England on Senator Kennedy's personal problems, as we now find out.

Now you, Miles, as a senior, former official of the company, of the agency, would you have, looking at this man with this kind of request, not wondered whether this was a proper role for the agency to get involved in?

COPELAND: Well, if it came from the White House, it would never occur to me to say, well now, wait a minute here, does the President of the United States know what he's doing? The President of the United States is the boss. If an idiot like Hunt came bumbling into my office, and really had come from the White House, and said I want to borrow all these things, I'd say wait, please don't tell me what you want it for. Because I would not want to associate myself with the lunacy that he conceivably could have up his sleeve.

I don't know whether you know the story of how he did come in, and what happened as he talked to the Deputy Director of the CIA.

SZULC: It so happened the Deputy Director had, would you

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believe, a tape on which the whole transcript of the interview between General Cushman and Howard Hunt is recorded. And it's the most absurd conversation, which has to do with said houses, back when in Washington, the fact that he, Hunt, uses the gymnasium at Langley. And then comes this peculiar request, you know, to make available essentially that which you can buy in at least one place I know on New York Avenue in Washington for twenty-five dollars. I'm appalled that the agency allowed itself to be sucked into something as absurd as this.

COPELAND: It was so absurd that nobody took Hunt very seriously. But do you know how long it takes a CIA technician to get inside a room?

McPHILLIPS: You do, but tell everybody else.

COPELAND: All right, okay, I'm sure Tad knows this already. To have just a man minimally trained to bug your office, to get in - and he has to do it in a classroom, he has to do it blindfolded in simulated darkness - it takes him one minute to get in, and put the bugs in, and get out. And it takes a lookout.

Now here these guys go in with Abbott and Costello, or the Four Marx Brothers, Keystone Kops, and they bumble around for twenty-two minutes.

HAINES: You know what's amazing to me? Now maybe I sound like a cynic, and maybe I'm naive, I'll admit it. But I went to school to learn about arrest with a warrant, no entry without permission, no search and seizure. And here you say with pride that this is how we're training men to break into homes.

COPELAND: No, no, no, I didn't say that, Phyllis, please, now...

HAINES: Any place, break into any place.

COPELAND: No, no, break into some place in Soviet Russia. And you don't think that it's right for the CIA to break into the Kremlin, if they can?

HAINES: I'm just saying how amazing it is how we're training people to break in.

COPELAND: Well, I must confess - but horrified if you like but I think this program is to be informative, as well as everything else, and I will now impart to our many listeners, as I'm sure we have, that the CIA does train people to go right inside Moscow, indeed, and to bug premises right in the Kremlin, and it can do that.

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Of course, as Marchetti has pointed out in his book, they bugged our American Embassy, too. But we have succeeded in bugging, putting bugs in premises right in...

HAINES: Here is the question: How do you stop this organization?

COPELAND: How do you stop what organization?

HAINES: This organization, the CIA, from going too far?

SZULC: Phyllis, let me for a second do a thing which is unnatural for me, which is to defend the CIA. Because I think we should not lose sight of the fact that this is a complicated, predatory world, in which others have intelligence services, where it is required or necessary for us to obtain information.

Let's separate espionage, or spying, which has been with us for five million years, and will be, from covert operations, such as overthrowing governments. Look, we have spy in the sky satellites to look over Soviet missile developments; they have, to look over our Minute Men, and so on. This we all accept, and we don't think it's wrong, because national defense, however you define it, requires it.

And I think that my quarrel, if I dare to put it so bluntly, with this sort of operations is that, in this whole enormous shouting against covert operation, with which I concur, what is lost from sight - I think what Miles was getting at, really - the fact that so long as the Soviets have a KGB, and right-wing dictators elsewhere have their secret operations, we need an intelligence function. When I say intelligence I mean gathering, collection of intelligence, interpretation and understanding of it.

Because you cannot run a government in a complex world without it. Sometimes - and I'm sorry that the world is so - we do have to break in, into somebody's safe to borrow briefly a piece of paper. But let's be very clear between collection of intelligence, which I suppose is dirty business in some way, from you know, the Bay of Pigs, and the Chiles, and so on.

HAINES: But is there a difference now - although I admit it was not the CIA, but the point was brought up, because I thought for a moment of the breaking in of Daniel Ellsberg's psychiatrist's office.

SZULC: Well, it's criminal to begin with.

HAINES: Yes, and this is not the CIA doing this, but at the same time, you know, how can you control it, and how

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do you know that at some other time there won't be another person who would have the CIA go too far?

SZULC: No, Phyllis, your answer is someplace else. If I may put it this way, your answer is the kind of President this country has, the kind of moral climate that you have in the White House. Under former President Nixon, a clamor has developed in which buggings, breakins, corruption, which went enormously beyond the CIA - the CIA was a minor, insignificant partner in sort of a national disease which was spawned by the immorality of the Nixon government.

It's not the CIA, it's not the New York Police Force, it's the kind of government you have in Washington which sets the example, creates a permissiveness in which a government -- Look, don't forget that one of the Articles of Impeachment against Mr. Nixon was his misuse of the CIA. So I think we should put the blame where it belongs, which is in this case on the...

HAINES: I just wanted you to say it, not me.

McPHILLIPS: There's one last thing, if we can get it in, and it'll have to be quick, Miles - you say in your book that there is some evidence in court -- Oh, it's too late.

HAINES: Yeah, we have to take a break. I'm sorry, we're at the end - a break, it's all over. Thank you very much, Miles Copeland, for yourself and your book, "Without Cloak and Dagger," and Tad Szulc, for being with us. And your new book is "Innocents at Home." Thank you very much.

* * *

HAINES: You know, it's fantastic to see that our guests were very enthusiastic about the subject, and that perhaps Watergate has made us all more conscious of what the CIA is doing, and what other organizations in the country are doing.

McPHILLIPS: Well, I think that's good, if nothing else good came out of it.

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ZAHEDI CABINET

Minister Interior - ZAHEDI

Minister National Economy - MOVAHHAM

Minister Health - SEHANSHAH SALEH

Minister Communications - SHARIF IMAMI

Minister Foreign Affairs - SOHEILI

Minister Court - ENTEZAM OR SOHEILI

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☐ DECL ☐ DOWNGR TO MAINTAIN
REVW ON APR 83
REVISED FROM 1985

2

Some months ago the newspaper Atesh went out of business due to lack of funds. Last month N/C revived the paper and have been in direct control ever since; however, leaving the former publisher as nominal head. Under N/C direction the paper has assumed the lead in an anti-Mossadeq campaign. Atesh is being published every afternoon in an attempt to compete with the pro-Mossadeq Bakhtar Emruz, which is owned by Foreign Minister Fatemi. The arrest of the editor, Boucheri, seems to be an indication of the effectiveness of the Atesh campaign against Mossadeq, and is further evidence of the Prime Minister's drive to suppress all manner of criticism of his government, and is in line with other steps that he has taken recently, for example the crackdown and actual detention of some Mullahs that have delivered anti-government sermons. Since Atesh was also in the vanguard of the campaign against the Tudeh party and the Soviet Communists, the arrest of its editor may indicate, as well, a softer or more cooperative policy with the Tudeh, which is substantiated by other recent Mossadeq actions. Of the other two papers mentioned - Mard-i-Asia and Papeiki-i-Iran - only the first do we know definitely has been receiving funds from N/C, though on a spot basis rather than the regular subsidy that they pay Atesh. However, it is most probable that they have dealt with the second paper as well since N/C at one time or another have dealt with nearly all uncommitted - non-Communist, non-Government - papers in Tehran and several in the provinces. It is reasonable to expect that Mossadeq's drive to eliminate effective opposition will continue and that other editors of anti-Government papers will be arrested, or harassed or at least warned to discontinue their activities.

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3

Points to be made

1. The "new look" in Iran.

After W.W. II there was a real & widespread local desire for social & economic reforms in Iran which culminated in the establishment of the Seven Year Plan Organization and the employment of specialist firms to prepare a sound plan. In this atmosphere all required was a govt determined to push execution of plan and to provide necessary funds. For implementation required, ~~total~~ oil revenues were to be set aside for this purpose. Then with advent of Mossadeq the Seven Year Plan ran into real trouble. No oil revenues available and, worst of all, Mossadeq a negativist - shrewd and clever at opposing but never a leader in a positive program.

However, now that Mossadeq gave a new spirit of enthusiasm and resolution to do constructive deeds. Most important of all is new outlook of Shah who now feels for first time that he is ruler in own right because of people's will, not ^{merely} because of inheritance. Flaws was a leader in advocating social reform and now will be leader in its execution. Recent events clearly demonstrated deep urge of Persians toward national unity, with symbol

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Of such unity the I.R.I. Now various elements feel hopeful of future for first time in years and thrown off spirit of fatalism & resignation.

2. The Soviet error.

Once again the Soviets feel victims to their own propaganda. Regardless of the facts they continue to believe that the "oppressed" people of other countries are anxious to replace their governments with so-called people's republics.

In 1946 in Azerbaijan & Kurdistan the Soviets set up autonomous states because their own agents and diplomats told them such moves would be enthusiastically received. The world knows how wrong this judgment was.

However, they continued to think that their Tudeh party could take possession of Iran with the consent of the Persians. On August 16th & 17th they began to proclaim the commencement of the people's republic in Iran, believing that they were stronger than Mossadeq and far stronger than any other elements in the country. Led on by their Persian masters, these dupes suddenly found that they had no hold at all on Iranian people and for devotion to communist cause.

find that Soviets have completely deserted them, just as they did in Byelorussia.

3. The oil issue.

Mossadeq was unable rather than unwilling to settle the oil issue. In his original nationalization bill and in his early statements he had gone so far towards destroying any possibility of reaching a reasonable settlement that he was, in effect, the prisoner of his own deeds and words. He was unable to go back on these deeds & words lest he immediately lose the extremist support - the Tudeh and other elements - which kept him in power. Continually hoping that the U.S. might solve this dilemma for him he had to turn down every proposed solution. There is absolutely no evidence to indicate what he thought the future held for his country: on the oil issue or on any other. We can however, point out the facts that when Mossadeq came into power he asserted that nationalization of the oil resources would result in giving Iran an income of \$300,000 a day and then two years later stated that Iran must set up an economy which was not dependent upon income from oil.

4. Popular reaction to Mossadeq's dictatorship.
Typed material attached illustrates in detail the controls Mossadeq established over the Iranian people. In his rigged elections, suppression of the press, alleged arrest & detention he went as far as the standard fascist & communist dictatorships. However, before he was able to destroy all channels of opposition the people themselves reacted against dictatorship. This is most important because it is the first time since the end of W.W. II that the people of a country have risen & risen successfully, against a totalitarian government. The lesson of Iran should give hope, encouragement & inspiration to ~~other~~ peoples now under satellite dictatorships. It can be done!

1. (Chapter 6, paragraph 29)

General: There is no information available on the details of internal administration of Tudeh Party funds. Since proscription there has been a Financial Commission on the Tehran Provincial Committee level and possibly on the Central Committee level, but there is no indication of who is responsible, how accounts are kept, or the clerical personnel involved.

A. Membership dues:

There follows brief summaries of information available on membership fees.

- (1) 1951. Persons with one or two dependents have a 20% reduction in membership fees; persons with three or more dependents have a 40% reduction; and persons owning private houses should add 20% of their incomes while computing dues.
- (2) 1951. Rates of dues in the Central United Council of Trade Unions were reported as being: 1% on salaries up to 1000 rials monthly, 2% on salaries up to 2000 rials monthly, and 3% on salaries of more than 2000 rials monthly.
- (3) 1952. Dues for Party members in the Chit Sazi factory were described as ordinarily being 1% of their income, reduced 1/4 if they had dependents and 1/4 again if they were a tenant. Each cell liaison member of the Chit Sazi sub-district (bakhsh) committee collects an average of 2 to 3 thousand rials a month from cells operating under him.
- (4) 1952. Isfahan textile factory workers were only required to pay 5 to 10 rials a month. Some workers actually contributed a larger amount.
- (5) 1952. The price of Kardom newspaper was also scaled according to the financial status of individual members: 5 rials for a member earning 3000 rials a month or more, 3 rials if earning less, and 2 rials for the workers.
- (6) 1952. A 5-month program for official cells states as a requirement the "payment of 2% of their income by those with up to 3000 rials income as contribution to prisoners and a minimum payment of 3% for those with more than 3000 rials income."
(Comment: It would seem by the terminology that there are in addition to regular monthly dues.)

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EO 13526 3.3(b)(6)>25Yrs

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- (7) 1953. Information covers period after the change in government of August 1953. Party instructions have constantly dogged members for contributions, payment of dues, pledges, etc. Two instructions of interest stated:

- (a.) Members are obligated to pay to the party the total of their income for one day, plus anything possible in addition, since the party is in great need of money.
- (b.) Responsibles are expected to pay the Party at least one month's salary.

B. Miscellaneous:

- (1) A report dated 12 October 1953 stated; in part:

- (a) General Dadsetan, Military Governor of Tehran, has arrested Hoseyn Ali Haftgueli, an Iranian employee of the United States Technical Cooperation Administration in Iran (TCI). Documents found in Haftgueli's house "prove" that he is chief of the Tudeh Party's Finance Bureau.^{1,2} The documents also indicate that Haftgueli passed information concerning TCI activities to the Soviet Embassy in Tehran.
- (b) Other members of the Tudeh Finance Bureau include Javadeh Moini,³ who also acts as Inspector General of the Finance Bureaus throughout the Tudeh Party; and Ebad Salek,⁴ a former Tudeh Party leader in Isfahan who was sentenced to seven years in jail, but was later released on orders from former Prime Minister Mossadeq.
- (c) Between 28 August and 30 September 1953, the Tudeh Finance Bureau had collected 150,386 rials (approximately \$1,650.00), and during the same period the Bureau had spent 39,240 rials (approximately \$410.00), leaving an unexpended balance of 111,146 rials (approximately \$1,400.00). Source believes that this indicates that the Soviets are not financing the Tudeh Party at this time, but rather are furnishing arms and goods.⁵
- (d) Documents captured by General Dadsetan's forces indicate that the Tudeh newspaper Mardom has the following circulation in Tehran:

District One, 3,000 copies
District Two, 3,800 copies
District Three, 3,000 copies
District Four, 2,500 copies
District Five, 400 copies
District Six, 450 copies

Total Distribution: 13,150 copies.

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~~SECRET~~C. Profits Made By The Party

In addition to that money acquired by fund-raising, the Party also acquires income through money-making enterprises. According to one source, each district committee operates about 20 taxis, primarily for distributing publications. When the cabs are not in use for this purpose they can be put to work to earn money for the party. Source estimates monthly party gross income roughly as follows:⁶

(1) Membership fees (assuming 10 rials as average individual monthly fee, and a maximum total part membership in Iran of 20,000)	200,000 rls
(2) Sale of newspapers and other literature ⁷	200,000 rls
(3) Contributions ⁸	250,000 rls
(4) Party sponsored theaters and motion picture houses	200,000 rls
(5) Taxis (assuming Party operation of approximately 100 cabs with an average monthly income of 300 rls per cab)	<u>300,000 rls</u>
	1,150,000 rls

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2. (Chapter 6, paragraph 30)

A. Re: Rebates to establishments or persons from trade with Soviet Bloc states:

(1) Little information on this phase of dealing is known. One report dated July 1953 states that among businessmen to whom Soviets sell goods at a low price and who share the profits therefrom with the Tudeh Party are:

Gurgen BADALIAN: Managing Director of Iranbar Company, presently living in Tehran. His partner, Harachik Hairepetian, is in charge of the Tabriz branch of the company. His secretary, Ardesheh Onanian, is noted for his cooperation with the Soviets.

Haji Abdullah MOQADDAM: Well-known Tehran merchant.

LABIB (FNU): A former Army officer residing in Tabriz where he is in business with Asgar Eaqal Mohseni. Labib and Badalian are friendly and frequently work together.

(2) Another report states that the Russian Trade Agency in the old Soviet Embassy compound near the bazaar can help favored merchants make "their fortunes". One merchant made several million rials during a three-month period in 1952 on a cotton piece goods deal, placed exclusively in his hands in return for some tangible favor. These merchants are presumed to hand out newsprint to the correct papers, as if it were a legitimate deal, and it can only be presumed that most of this comes in via slightly unorthodox routes, since the import figures (Soviet Union ostensibly sent 899 tons in 1951) do not show nearly enough newsprint to take care of the wants of the special servants and a few others who could be future friends.

B. Re: Soviet and/or foreign subsidization of the Tudeh:

(1) According to information of August 1948, the Tudeh was at that time receiving a Soviet subsidization amounting to 2,250,000 rials per month. It was allocated as follows: 500,000 to Tehran, 300,000 each to Meshed, Tabriz, and Isfahan with the balance distributed among lesser Tudeh centers in Iran. (This subsidy was reportedly given either in the form of actual cash or in merchandise which could be sold for cash depending upon the circumstances.)

(2) In 1949, other reports were received which gave the identical information as cited above but stated that the money was channeled through the Czech Legation in Tehran.

(3) There is some evidence that the CUCTU has received financial aid from the WFTU in Paris.

(4) It was further reported in December 1952 that the Soviet Embassy in Tehran deposits funds into accounts in the Soviet Bank in Tehran for use

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by the Tudeh Party. SAHEBI (fmu), an Iranian native of the Gilan Province, and known as a broker who does business with TORPREDSTVO, actually makes these deposits. The accounts are listed under the names of three Iranian bazaar merchants: Yusuf Chaffouri, Balasan Balasanian, and Ali Akbar Zarandi. Brief information on those mentioned follows:

BALASANIAN: Until 1946-47 subject owned an oil-seed extracting factory in Gorgan. Was also conducting trade in Iranian products with USSR. Later came to Tehran and established a firm conducting trade on cotton, wool, and other general merchandize with Soviet Russia and other countries. Said to have a capital of 1,500,000 rials. Reputation of concern said to be satisfactory.

GHAFFOURI. Until a few years ago owned a firm in his name in Pahlavi doing trade in general merchandize, particularly iron and wood with Soviet Russia. Later moved to Tehran conducting the same lines of business both with USSR and other countries. Ha a capital of 1,500,000 and owns fixed assets at the same amount. Reputation said to be good.

ZARANDI. Said to own a brick factory. Does not appear to have business connections with foreign firms except he has tried to import hardware, etc., from a German firm. Not well-known and actual personal means cannot be asserted.

SHIRINLU, Jamal. This subject is reported as handling "part of the credits of the Tudeh Party." Subject is owner of TCA Company, a local transportation company. Assyrian who came from Russia to Iran about 1923-1930 and has acquired Iranian nationality. Said to have been an employee of Shillat in Eandar Pahlavi and later (around 1935) connected with Iran Sovtrans in Tehran. It is also stated that Seiss bus services was directly under the management of Shirinlu. Iranian delegate to International Economic Conference in Moscow in April 1952. Said to be on the black list of the Iranian Government, and is regarded as a Russian agent. Another report stated that in March 1951 he was acting as paymaster of the Tudeh, receiving a monthly budget of 1,700,000 rials from which he paid active party members.

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3. (Chapter 6, paragraphs 33-35)

We have little additional information concerning the Tudeh control of its cover societies.

Only generalized statements can be added here. It must be presumed that during the establishment of a Tudeh cover society that the Party makes a concerted effort to place its most effective organizers and front leaders into positions whereby they can direct and control such an organization. Their continued affiliation with any given society would, of course, give them the opportunity to push forward "the desirables" into managing positions within a society.

4. Society of Independence Seekers.

No information available here other than that previously disseminated.

5. No other information than that which is included in your recent study.

From the information contained in your report on Tudeh Party organization and activities in Isfahan (date of information November 1951) it seems quite possible that CUCTU activities in that location have since been so organized and expended to the point where a CUCTU Shahrestan Council may have been since established.

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6. Azerbaijan Democratic Party

Only sporadic information concerning the Azerbaijan Democratic Party (ADP) has been received since April of 1953.

[redacted] stated in April 1953 that the ADP re-organized itself during September and October of 1951 and that the central committee and nucleus of the ADP was located in Tehran.

[redacted] stated that this re-organization took place during March and April of 1952. He further stated that the ADP did not have a central committee and that in fact two groups of democrats were operating in Azerbaijan. Each of these two organizations reportedly functioned entirely independently of the other and some differences of opinion and ill-feeling existed between the two. These two groups are discussed below:

The Helalium

This society was comprised of old, former members of the ADP, who on hearing of the revival of the Party applied for re-admittance but were refused. As the number of those refused increased, they gathered together and formed a new society under the leadership of Helal Naseri,¹ a capable former member of the ADP.

This society was reportedly run from Tehran by the following men:²

- | | |
|-----------------------------|--------------------|
| a. Dr. Salammullah JAVID | d. Ahmad TABAK |
| b. Dr. Gholam Hoseyn JORDAT | e. Seyed Ali AZARI |
| c. APLEBILI (fnu) | |

The Tabriz Regional Committee consisted of the following:

- | | |
|---|--------------------|
| a. Helal NASERI | d. SEDIQ-PUR (fnu) |
| b. Hasan NA'EBI | e. Habib TUTUCHI |
| c. Yadullah KLIANTARI, (aka: Major KALANTARI) | |

Operating committees of the Tabriz Regional Committee consisted of:

- | | |
|-------------------------|-------------------------------------|
| a. Financial Committee | c. Press Committee |
| b. Inspection Committee | d. Organization and Guild Committee |

The Helalium reportedly had divided Tabriz organizationally into eight sections with a suburban committee in charge of each committee.³ These committees were responsible directly to the Tabriz Regional Committee. Cells, consisting of a maximum of five individuals were responsible to the suburban committees.

The society allegedly had branches of unknown size in Ardebil, Sarab, and Karagheh.

SECRETTudeh-Dominated ADP ⁴

The group which comprised the "actual" organization of the ADP was made up of new members who were organized under the direct leadership of the Tudeh Party.

The supreme organ of the Tudeh-dominated ADP was the Tabriz Regional (Shahrestan) Committee.⁵ This committee was responsible for the supervision and control of all specialized Party activities, including youth, women, unions, and peasants. Under its control were such operational committees as the Distribution Committee.

Under the immediate jurisdiction of the Tabriz Regional Committee were eight suburban committees. Each suburban committee was comprised of up to four sub-district committees. The cell structure organized under the sub-district committees. Up to six cells allegedly comprised a sub-district committee.

Other regional committees were reported at Ardebil, Sarab, Marand, Maragheh, Zenjan, and Ahar. General directives are sent to each of these committees directly from Tehran; routine instructions being issued by the Tabriz Regional Committee.

 [] stated that there were indications in April 1953 that the following prominent ADP leaders resided in Tehran were among the present members of the present Central Committee of the ADP:⁶

- | | |
|---------------------------------------|-------------------------------------|
| a. Dr. Salamullah JAVID ⁷ | g. Farsam MOVAZE-ZADEH ⁹ |
| b. Dr. HASETRUDIAN (fmu) ⁸ | h. Fath Ali EPAECHIAN ¹⁰ |
| c. Dr. Mahmud Elm-Ammar | i. FAEMI (fmu) |
| d. Etemad NATEQI | j. Baqer DIANAT ¹¹ |
| e. QORASHIAN (fmu) | k. Seyed Hasan MUSAVI |
| f. Seyed Ali AZARI | l. Morteza IRANI |

The Provincial Committee of the Azerbaijan province had the following sub-committees:

- | | |
|-------------|--------------------------------|
| a. Youth | d. Women |
| b. Workers | e. Publications and Propaganda |
| c. Peasants | f. Clerical Staff |

In Tabriz, the Party was reportedly organized into eight suburban committees. Each committee consisted of several cells with a maximum of five members to each cell. Cells and committees are connected with their superior organs through a system of intermediaries.

District (mahlali) committees were reported formed in: Rezaiyeh, Ardebil, Khoi, Mahabad, Mianeh and Marand. .

~~SECRET~~FOOTNOTES: (ADP)

1. Probably Yusef Helal Naseri, long-time professed Communist, member of the Azerbaijan Democrat Parliament, and organizer of the Revenge Party in Azerbaijan which was suppressed in December 1947. Arrested on suspicion for unspecified activities in the spring of 1949, later released.
2. By inference this group, if effect, constitutes all or part of the central committee for the society. [] does not distinguish whether the society was formed as a result of the initiative of the group in Tehran headed by Dr. JAVID or by Helal NASERI. The fact that the society either formally or informally bears the name of the latter tends to lend credence to this supposition. But it has also been reported that JAVID, in 1951, was considering reestablishing the ADP, independently from the Tudeh, which he reportedly blamed for the mistakes he considered it to have made during the Democrat regime in Azerbaijan. []
3. Does not indicate how he arrived at this figure. Earlier information indicates there were four suburban committees in Tabriz.
4. If the organization discussed here is the "actual" ADP, it is obvious that it is independent in name only, being in fact an integral part of the Tudeh Party. Possibly this is not apparent to the ordinary member.
5. Available evidence suggests that the Tudeh actually is not organized formally according to the Iranian government administrative or geographical provinces, but instead is organized into regions, each dominated by an urban center. The regional committee established at the largest, or in the Party's eyes, the most important urban center, is designated as the superior regional committee in that area, and probably operates in effect as a provincial committee.
6. This is a very weak statement. The implication is that [] has merely assembled a list of formerly prominent ADP members who might reasonably be supposed to be members of any present ADP Central Committee.
7. See Note 2 above.
8. During Democrat regime, HASHTRUDIAN was an assistant to Mohammad Ali Biria, prominent Democratic leader. After the fall of the Pishvari government, subject was allegedly shot, but escaped to the Soviet Hospital where he remained about one year, later returning to Tehran where he opened a business. Reported in January 1952 to be Director General of the Society of Azerbaijanis (JA).
9. Probably identical with Rassam Movazeh-Zadeh, reported in November of 1951 to be a graduate of the Fine Arts Academy of Leningrad, former teacher of painting in Tabriz and Minister of Fine Arts under the Democrats.
10. Reportedly a Soviet agent in 1944. Returned Iran 1945. Elected to the Azerbaijan National Assembly, and later deputy to the 14th Majlis. In April 1946 believed to have conducted the preliminary negotiations in Tabriz between the Democratic regime and the Central Government.

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Footnotes continued (ADP)

11. Reported in January 1952 to be head of the Central Committee of the Society of Azerbaijanis (JA), and a member of the Publications Committee.

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7. (Chapter 15, Appendix A - NSSI)

One report of October 1952 states that the NSSI "is known to have active provincial branches in:

Qushan Daragaz
Zenjan
Burajud
Kashan
Kermanshah
Qasr Shuria
Isfahan

Shah Reza
Khorramabad
Malayer
Yazi
Mehidasht
Khuzistan oil fields (sic)
Tabriz (End quoted information)

It is impossible to ascertain whether or not these local NSSI organizations are operating under the direction of a Regional Council. Perhaps in those places where the organization is of large size a Regional Council has been established, while the smaller groups may be merely loosely-banded enthusiasts from the Party or its other front organizations and operating without benefit of direction from the NSSI higher echelons.

8. (Chapter 15 - NSSI)

[redacted] concerning the membership of the controlling bodies of the NSSI is more complete [redacted] With regard to the Direction Board, information dated October 1952 cites the following:

President : LOTFI, Abdol Ali
Secretary: KALVAR, Rahim
Vice President: ALAVI, Partu
Vice President: ZENJANI, Shams
-- (UNKNOWN) : BAQCHEBAN, Seeman (in charge of women's activities).

(COMMENT: A report of late 1951 cites HUNARIYAR, Musin as the Treasurer of the Society with Khodabandeh, Yahya as Assistant Treasurer. No information since that time.)

9. (Chapter 16, Appendix B)

No further information.

10. (Chapter 16 Appendix C)

In addition to those listed in your study, the following two names might be added, although no confirmation is available:

AKBARZADEH, Gholam Reza: Possibly director of the Tabriz organization of the PLPP (April 1951)

OMIDVAR, Fazal Taqigadeh: (Possibly OMIDVARI, on Administrative Committee of the Azerbaijan Society - January 1952). Member of the PLPP "Committee for southeast Tehran."

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11. Chapter 16

It is our opinion that the importance of the PLPP has diminished since early 1953. There have been only a minimum of reports on PLPP activities since late 1952. Tudeh Party instructions call on members to continue their cry for "peace" and some literature has been collected which carries out this plea, but issuances in the name of the PLPP have not reached us. It appears that the Party proper has taken over much of the "peace duties" formerly done by the PLPP. We have no evidence of important PLPP activities during 1953.

(COMMENT: Although there is documentary evidence that Mahmud HORMOZ has been in frequent correspondence with and received propaganda from organizations abroad, there is no evidence that this material was ever used by the PLPP or by its front newspaper MASLAHAT. Large quantities of propaganda, galley proofs, and photos were transmitted to him, as editor of MASLAHAT, from such organizations as "Defense de la Paix" in Paris and Conseil Mondial de la Paix" in Prague.)

12. Prisoners and Releasees

See Attachment A.

5

Officials of the US government are displaying increasing anxiety over the situation in Iran. One well informed individual has summarized the current situation, in relation to its background as follows:

"Mossadegh, having almost destroyed Iran's economic life, now appears intent on destroying her political life--centering around the Parliament and the throne--as well. Unless the process is checked, this can lead only to the type of totalitarian rule which plays right into the hands of the Communists. *THE QUESTION IS, HOW LONG ARE IRANIAN'S GOING TO PUT UP WITH THIS SITUATION?*"

~~ARE IRANIAN'S GOING TO PUT UP WITH THIS SITUATION?~~
The letter from President Eisenhower to Dr. Mossadegh stating that no additional US aid would go to Iran as long as the government of that country failed to avail itself of the income represented by its oil resources seems to have had a very sobering and salutary affect upon the enlightened segment of public opinion in that country. However, it was not as successful as hoped in directing the attention of Dr. Mossadegh to the harsh realities of Iran's financial and economic situation or in curbing his somewhat frenzied activities.

When Mossadegh led his countrymen in taking over the properties of the Anglo Iranian Oil Company in Iran he assured them that when these properties were in Iranian hands and run by Iranians they would bring in £300,000 to Iran every day of the year. Iran has now been running these properties for two years and while sales of oil have been miniscule, the government has had to spend vast sums to maintain the installations and pay 60,000 almost idle workers. In any nation such as Iran which suffers year after year from a heavily unfavorable balance of trade, an assured source of foreign exchange is vital to the financial stability of the country. Iran had this assurance in its oil revenue, but now we find that all the foreign exchange holdings of the country have been wiped out.

- 1 -

In addition,

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REVIEW ON _____
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In addition, considerable sums are owed to the US and to the Monetary Fund.

Every month the government must find money to pay 300,000 government employees and factory workers out of the total population of 18 million. By early this spring the government was completely out of funds so, acting upon direct orders from Mossadegh, officials of the National Bank have been secretly issuing large amounts of paper currency. In order to conceal this fact from the public and prevent an inflationary movement, these officials have been forced to let two dates go by on which times the Bank should have published a complete balance sheet, showing notes issued and notes in reserve.

The economic situation of the country is very serious. Only the farmers are able to live about as usual for the government officials and workers in factories are not able to feed their families at current wage levels. Lack of funds the upkeep of roads, railways and factories is completely neglected so that they are rapidly deteriorating and at some future date will require a huge capital outlay to put them back into shape. Since the country's currency has no standing in world markets, Iran is being drawn into numerous barter agreements on terms dictated by more fortunate nations.

Concerned as the US has been with the preservation of Iran's independence and internal stability, our government has tried hard and over a long period to help the Iranians to help themselves. In the case of the dispute between the Iranian government and the British government over the nationalization of the A.I.O.C. the US consistently tried to bring the two parties together and explored every channel that might lead to an understanding and agreement. In every case the Iranians became more intransigent as their terms were more nearly met. Then, as might have been expected, the US drew a considerable amount of abuse from the

Iranian press as a reward for its efforts.

The US has been carrying upon a Point IV program in Iran for two years. The heads of this undertaking--into which \$50 million has already gone--have tried hard to see that the projects in the field were those of basic necessity and in this effort have been engaged in an unceasing struggle with officials of the Iranian government who much prefer to see these funds diverted to meet those daily expenses which the government itself has no money to pay. Newspapers--including the semi-official organs of the government--have taken malicious delight in attacking the work of the Point IV mission in Iran. Dr. Mossadegh himself has said that the program was of negligible value to Iran, while editors friendly to the government have accused the Americans of being spies or of seeking to establish US economic control over Iran. Members of Point IV and other Americans have been attacked on the streets, and in April the Point IV mission at Shiraz was forced to flee the town before a mob which was allowed full liberty of action by the police. Thus, those Americans who are striving to aid Iran are the subjects of indirect and direct attacks, but the Iranian government does not expell the mission from the country, since this would mean the loss of US dollars.

On the political side of the local situation, Dr. Mossadegh has been moving further and further away from the inefficient type of democratic government which he inherited and towards an even less efficient dictatorship. Every effort has been made by this aging man to create that type of totalitarian government so favored by Iran's northern neighbor. In the past two years Tehran has been free from martial law only a few weeks at a time. Mossadegh's full powers have permitted him to abuse the confidence the public once had in him so that now he is supported almost exclusively by uninformed mobs. He has violated freedoms of the press, speech and assembly and has all but eliminated the Majlis as a force in Iran.

~~SECRET~~Press, Printing, and Distribution Facility Annex

- A. Distribution: The distribution of all, except Tudeh, newspapers is carried on by four distribution agencies. The Tudeh papers, in general, are distributed by individual sellers who roam the streets, hawking their papers.

It will not be possible to control this Tudeh distribution from a central point as in the case of the normal distribution agencies, but an effective internal traffic control plan should prevent their distribution.

The Distribution agencies are:

1. General Bureau of Distribution of the Metropolitan Press. Address: Lalezar Avenue, Khcheh Bahar - opposite Lalezar Cafe.
Owner: Mohammad Saqqazadeh (Saqqa) - has police connections. Seems to be most important distributor.
2. Azizi Distribution Bureau. Address: Ferdowsi Avenue, Opposite Opera House. Owner: Ahmad Azizi. Distributes leftist papers.
3. Asghar Aqa Distribution Bureau. Address: Lalezar Avenue, opposite Saqqa's shop. Owner: Asghar Moradi. Distributes: Ettehad-e-Melli (conservative), Khard Asia (conservative), Siassat-i-Islam (opposed to Mossadeq government, politico-religious paper), Peik-e-Iran, the Cinema/Theatre magazine (non-political).
4. Bakhtar Emruz Bureau. Operated by Hassan Kadani, the accountant for the paper. Distributes Bakhtar Emruz - National Front newspaper.

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B. Printing Houses. The following is a list of known printing houses in Tehran.

It is probably incomplete, many addresses are not available, and many Tudeh clandestine and profitable presses probably remain to be discovered.

1. Chapkhaneh Bank Melli
2. Chapkhaneh Daneshgah
3. " Ettela'at
4. " Ferdowsi
5. " Khandaniha
6. " Majlis
7. " Majaheri
8. " Kaqsh-e-Jahan
9. " Shiva
10. " Taban
11. " Tabesh
12. " Tajaddod-e-Iran
13. ^{Stock Company Press} Sherkat-e-Sahami (Chapkhaneh) Ranguin
14. " " Matbu'at
15. ~~At~~ Qiyas Press (paper: Elm Va Zende^{gi})
16. Mash'al-e-Azadi press (Bab-e Homayun Avenue)
17. Guilan Press
18. Sepehr Printing House
19. ~~University press~~ *Some 22*
20. Hafez Press
21. Akhtar-e-Shemal Press

Numbers 1 to 14 are print shops reported most of which are plotted on the Tehran map. The others are taken from a list of newspapers and some of them, no doubt, duplicate those listed as 1 to 14.

C. Press. - Because of the staggering number of newspapers published more or less regularly in Tehran, and because it is felt that the seizure of distribution agency and press^{es} will effectively control the production of papers, this section has been limited to those few Tudeh and pro-Mossadeq papers which are most outstanding.

1. Mahmud JANDI - Besuye Ayandeh

Address: Ferdowsi Avenue, Barbod Street

2. R. NAMVAR - Shahbaz

Address: Ferdowsi Avenue, opposite the Saving Bank

3. Licensee and Editor: Mohammad Ali AFRASHEH - Chelengar

Editorial Staff: Abutorab JALLI,
(fmu) Setudeh
Mahmud JANDI (see #1 above)
Mahmud TAFFASSOLI
Mahmud HORMOZ
Fazdollah SOBHI

Address: Ferdowsi Avenue, opposite the Saving Bank

4. Reza RADMANESH (Licensee) - Mardom

Editorial Staff: Dr. RADMANESH
Bozorg ALAVI
Dr. FORUTAN
Eng. ZAVUSH
Mahmud NAVAII

5.

Pro-Mossadeq newspaper - Tehran

1. Bakhtar Emrus

Licensee: Dr. Hossein Fatemi, Minister for Foreign Affairs
Editor: Jalali DAINI, Dr. Rahmat MOSTAFAVI, Dr. Sa'id FATEMI

Address: Baharestan Square, Nezamiyeh St. Phones: 38321, 35022, 39248

2. Niruy-e-Savoom

Licensee: Esma'il Zadeh
Editor: Khalil Maleki

Address: Sa'adi Avenue, Bad'i St.

9
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Just approach would be for
 the new P/M to request the
 President for help - in light of the

Pres could then supply with a message
 that he wants to help and has decided
 the P & A to proceed with urgent program of support -

Request should state that country has
 been through a difficult economic period
 have long requested aid and
 do need emergency economic help -

Alert Warner to be thinking about what
 needed.

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Best approach would be for the new P/M to request the President for help - in light of it -

Pres could then reply with a message that he wants to help and has directed the FOA to proceed with urgent program of support -

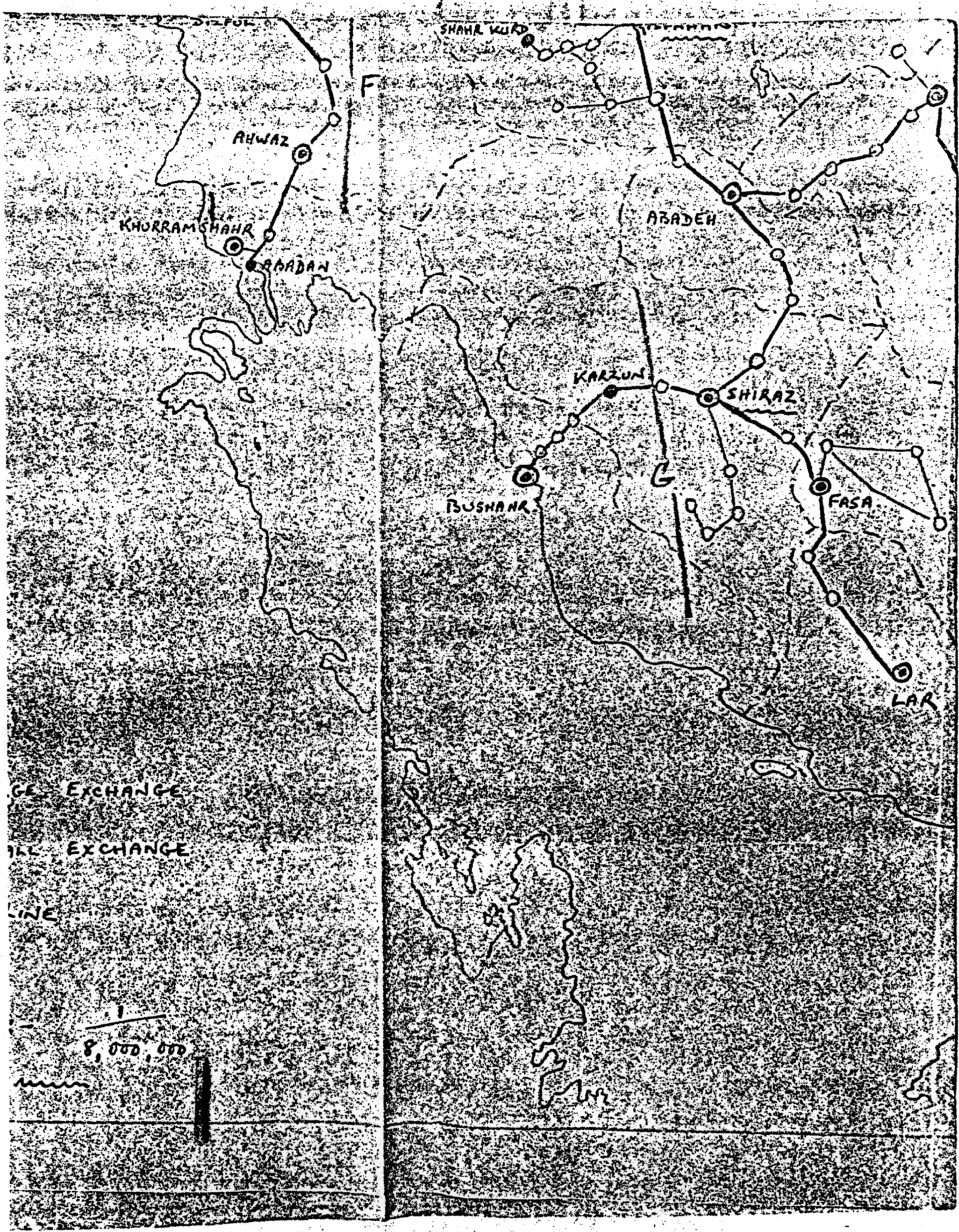
Request should state that country has been through a difficult economic period have long in mind.

Do need emergency economic help -

Alert Warne to be thinking about what is needed.

RETYPE FOR CLARITY

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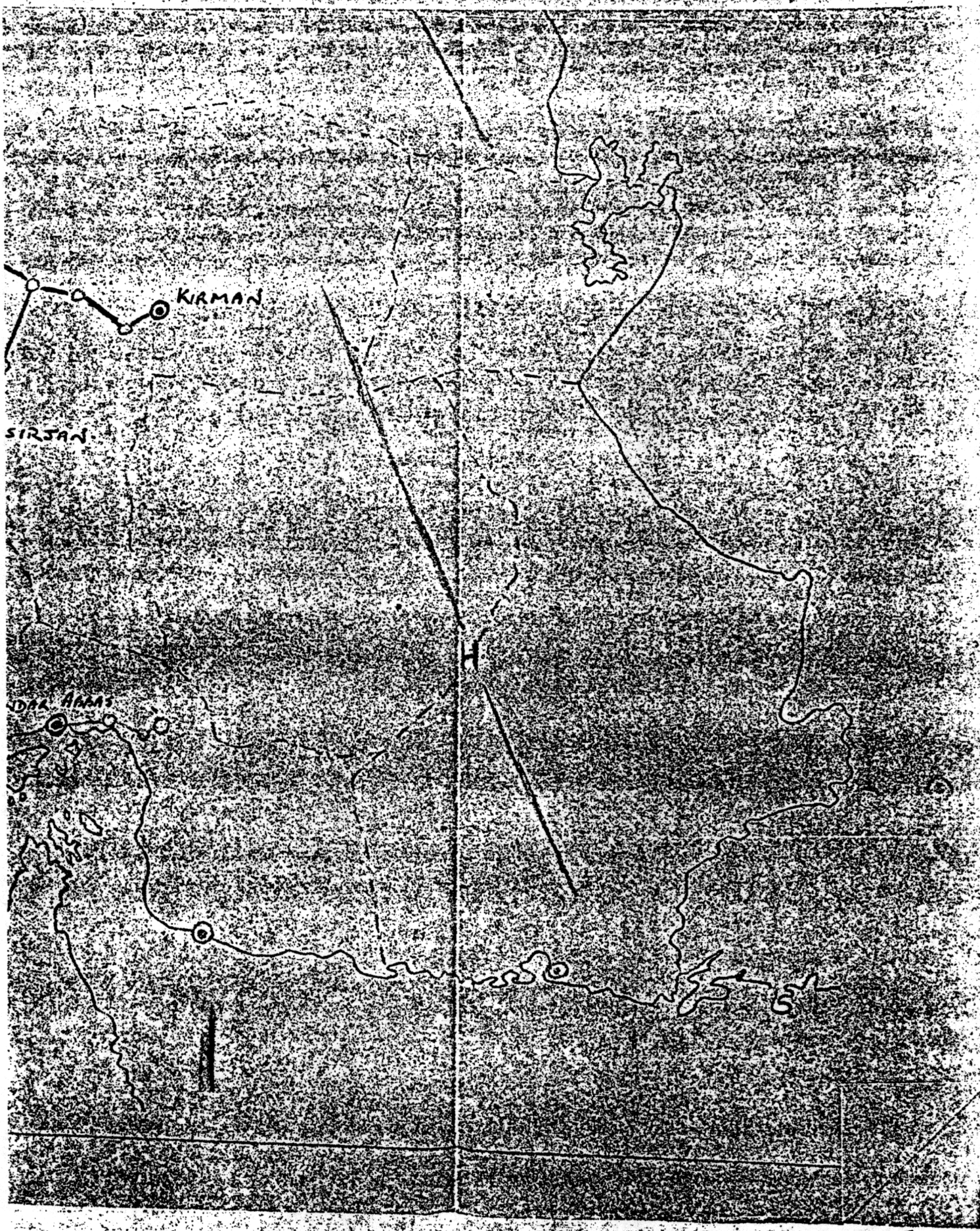
SYSTEM



- A - 1st PROVINCE
- B - 2nd PROVINCE
- C - 3rd PROVINCE
- D - 4th PROVINCE
- E - 5th PROVINCE
- F - 6th PROVINCE
- G - 7th PROVINCE
- H - 8th PROVINCE
- I - 9th PROVINCE
- J - 10th PROVINCE

SECRET

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~~SECRET~~

OCCUPY - not including military installations

Name and Location:	Grid Coordinates:
B-C Gendarmerie Mission Shah Ave-W of Pahlevi	79.4/37.65 (approx)
✓ B ₂ Electric Plants Doshan Teppah Ave W of Pahlevi	83.45-83.85/37.2-37.5
B ₂ Machine Gun Factory Doshan Teppah Ave - W of Shahbaz	Area: 83.9/84.2 37.3/37.9
✓ C Ministry of Justice On Shah Square	81.9-82.1/37.2-37.35
✓ B' Ministry of War Sevom Esfand Ave W of Ferdowsi	80.6-80.8/37.2
✓ A' Parliament Shah Square	82.1/37.2
C Ministry of Education Ekbatan Ave S of Shah Ave	81.7/37
Various Municipal buildings located between Stalin Ave on W, Ferdowsi on E, Sepah on S and Hafar on N:	Area: 80.4/80.9 36.7-36.95
✓ B ₂ Foreign Affairs	
✓ A' Police Headquarters	
✓ C Dept. of Registration	
C Posts and Customs	
B-C Tehran Municipality Bldg. Ferdowsi Ave/Lalezar north of Sepah Ave	81.1/36.7
✓ A' Arsenal Sepah Ave, between Pahlevi and Shahpour	79.7-79.8/36.2-36.65
✓ B ₄ Rifle Factory Sepah Ave W of Ferdowsi	80.8-81/36.4-36.65
✓ A' Telegraph office and Ministry of Posts and Telegraph South side of Sepah Sq between Ferdowsi and Nasser Khosrow Aves.	81.05-81.2/36.5-36.6

MAP. Town Plan TEHRAN - J.I.B. 3/60 - Vol. 5

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OCCUPY (continued p.2)

Various Ministries all located in
area surrounded by:

N - Azar Ave
S - Bourardjomeh
E - Kasser Khosrow
W - Khayam Ave

81.8-82.2/35.7-36.2

✓ C Justice
✓ C Finance
✓ C Health
✓ B Interior
✓ A Mil Gov
✓ A Communications
✓ C Ottoman Bank

✓ A Iranian Army Transport Depot
South of Kowlavi Ave
West of Ray Ave

82.2/34.45

✓ A Wireless Station
SE section of city

83.9-84.3/33.05-33.5

73 Railway Station (central)
South part of city

Area: 79-85/32.4-33.6

Aux Station 82.5/

82.5/34.7

✓ 13 City NIQC Filling Stations

Near RR Station
Ray Ave
Cimetry Ave
Near Bazaar (east)
Sa'adi and Shah Reza
Shah Reza and Scheil

78.7/33.65
82.65/35.15
78.65/35.8
80.8/35.8 (80.4/35.8)
814./38.4
79.15/38.2

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EMERGENCY ASSISTANCE FOR A NEW IRANIAN GOVERNMENT

Aid Required

It is assumed for the purposes of this paper that there will be no net oil income during the first year we are assisting a new government.

Based on the latest evaluations of the elements involved, such as an applicable rate of exchange, capacity of Iran to absorb inflationary financing, and the anticipated volume of imports and exports, it is estimated that a total of \$60 million of foreign aid will be required for the first year. This would involve \$35 million new money in addition to the presently proposed United States economic aid to Iran.

It must be pointed out, however, that even the best estimate valid today would probably not be valid several months from now. The impact on the economy of the deficit financing now being undertaken by the government is particularly unpredictable.

Explanation of Estimate

It is calculated that Iran's budget deficit for the current year will total about 5.6 billion rials* and that the Iranian Government can provide 2 billion rials of this by inflationary financing. This means that 3.6 billion rials or \$60 million of foreign aid is required. The problem is essentially one of assisting the Government budget and it is estimated that Iran's income and payments of foreign exchange will be just about in balance if \$60 million in foreign aid is provided.

Program

It will not be possible to work out the exact details of any program until the "new government" is actually consulted, since it is considered essential that it be an Iranian program. However, with due consideration for the criteria involved, the following program is suggested: for economic development projects, \$14 million; for TCA salaries and overhead, \$5 million; for consumer goods covering both defense support requirements and an economic development program, \$41 million.

Expenditure of Counterpart

Included in the Iranian budget are some 3.3 billion rials for

defense

* Composed of an ordinary deficit of 1.3, an NIOC deficit of 1.8, and economic development requirements to which the Government is committed of 2.5 billion rials.

~~TOP SECRET SECURITY INFORMATION~~

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REVW ON 20 MAY 91
DERIVED FROM DTC

defense expenditures and 2.5 billion rials for economic development. A \$60 million aid program which involves 3.6 billion rials could be expended with emphasis on either of these two categories. A precedent has been established for both types of assistance and there are no legal barriers at present.

Source of Funds

This paper does not concern itself with the source of funds to be employed, since 1954 aid legislation has not yet been passed by the Congress and since it is assumed that decision to implement such a program will give sufficient priority to achieve appropriate allocations. Legal authority exists in current aid legislation to permit transfers of at least the amount of money required from other programs or sections to the proposed program.

~~SECRET~~

19

[REDACTED]

1. "Even Dr. Mossadeq's Closest Associates Realize What A Mess He Has Made of The Oil Situation."

[REDACTED]

[REDACTED] "Resignation of Engineer Abbas Parkhideh as Director of National Iranian Oil Company in charge of sales."

2. "How Mossadeq Suppresses The Soviet Press in Iran."

[REDACTED]

[REDACTED] "Tudeh Press methods to combat Iranian government's campaign." [REDACTED] the fact that Besuye Ayandeh appears every day under whatever name it shoses.

APPROVED FOR RELEASE:
21-Jun-2011

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EO 13526 3.3(b)(1)>25Yrs

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
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☐ DECL ☐ DOWN TO MAINTAIN
REVW ON 20 MAY 91
DERIVED FROM D9a

~~SECRET~~
~~Security Information~~

24 June 1953

General H. Norman Schwarzkopf
 Director, Department of Law and
 Public Safety
 State of New Jersey
 State House
 Trenton, New Jersey

Dear General Schwarzkopf:

Mr. Waller needs no introduction to you since you have been friends in Iran. I wish to assure you, however, that Mr. Waller has my full confidence and speaks for me in this discussion with you.

The matter which Mr. Waller will discuss concerns our national interest. I cannot over-emphasize its importance. It is a matter which is receiving closest attention at the highest levels of our Government. Needless to say, everything which Mr. Waller will discuss and the fact that I am in contact with you at this time is highly classified and known only to a very few persons in our Government.

I wish to extend my warmest greetings to you and I look forward to seeing you in the near future.

Allen W. Dulles
 Director

Distribution:

Addressees - 1
 DCI - 1
 [] - 1
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EO 13526 3.3(b)(1)>25Yrs

APPROVED FOR RELEASE:
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1. In response to New York Times Correspondent Nighower's query re: apparent increase Tudeh strength Tehran, Secstate made following statement at July 28 press conference:

11.

2. It highly important fullest play be given to above statement. However action should not be taken until headquarters advise by cable vs. papers which run story & date of story.
3. Advise ^{HQ + release} ~~secret~~ results once action taken.

72

8 July 1953

[redacted]

FROM: Mr. Roosevelt

[redacted] took the initiative in making contact with Tehran Station and made the following statements:

A. Mossadeq opposition in Majlis now numbers 31. With American support number might be increased to 40 or 50 "within 24 hours".

B. With oral assurance American support opposition could produce signatures 40 deputies demanding Mossadeq ouster. Such demand would "force" Shah to replace Mossadeq.

C. In exchange for American support new government would

(1) Completely suppress Tudeh.

(2) Make sincere effort reach our agreement with British.

D. If Americans feel they cannot take positive action against Mossadeq opposition with American financial aid and tactical guidance can oust Mossadeq without Shah.

E. "Contrary to government propaganda" Kashani did not spend "one dinar" for votes; if he had had \$500,000, he would have had 60 votes and Mossadeq would now be "finished".

F. [redacted] asked who Americans favored to replace Mossadeq. Finally he said his group would "accept" any candidate suggested by Americans.

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
DERIVATIVE CL BY [redacted]
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REVIEW ON 08 JUL 83
DERIVED FROM 096

80

14 July 1953

[REDACTED]

FROM: Mr. Roosevelt

1. Following received 13 July:

[REDACTED]

"A. National Movement Fraction held stormy two hour session 12 July with following results:

(1) Mossadeq wants Fraction to boycott future meetings Parliament and Mossadeq proposes call referendum to determine whether "people" desire him continue in office.

(2) Razavi opposed this procedure declaring he supported Mossadeq "up to now" but he not willing close Majlis.

(3) Argument over issue grew so intense that meeting was adjourned to 10 a.m. 13 July.

B. Following session reported A above Makki met privately with Moazami and Razavi, the three agreed that Pres. Eisenhower's letter had seriously weakened Mossadeq's position. Moazami and Razavi said "if situation so bad" they willing "get rid" of Mossadeq but they would insist Mossadeq be replaced by some member Natl. Front. Makki urged that decision be delayed until after 30 Tir (21 July) anniversary Qavams effort overthrow Mossadeq.

C. At private interview with Mossadeq 12 July, latter told Massoudi, the publisher of Ettelaat:

(1) "very angrily" that Eisenhower letter "did not hurt Iran, but it did hurt American prestige in Iran, very much."

(2) The govt. "is prepared" for mass demonstrations expected 30 Tir (July 21).

(3) That Mossadeq has no intentions of going to Majlis 14 July for scheduled interpellation because "they (the opposition) want to kill me." Instead Mossadeq plans close Majlis and call for public referendum.

[REDACTED] Eisenhower letter has had tremendous impact and Parliament press people and foreign policy now turning against Mossadeq. His position is most critical of career. Only weapon left to him is power of arrest. I expect mass arrests of opposition to begin from 14 July. Any attempt by Mossadeq to close Majlis "sure" to alienate deputies; "They don't want to lose their jobs and positions of influence."

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- 2 -

2. Following received [] 13 July:

"Current developments possible affecting plan:

1. Mossadeq threatening dissolve Majlis and hold referendum.
2. National Movement Fraction reported believe govt. must answer interpellation but to avoid joining opposition on this issue are rumored preparing resign or absent selves from Majlis.
3. Mossadeq possibly to "permit" demonstrations which would be anti-American in character.
4. Within 48 hours Mossadeq will go on radio and take case to people.
5. Press calling for expulsion Point Four Director Warne and Embassy Press Attache Bruce, closing U.S. Embassy and other U.S. installations and charging U.S. has joined British against Iran.
6. Tudeh sponsored Youth Festival of several thousand which convened July 9 still in session.
7. Tudeh has set up "Board of July 21 Anniversary" resolved to organize a common demonstration."

3. On night of 11 July [] son stated following []

- "A. Opposition greatly encouraged by Eisenhower letter.
- B. Independent Deputy Fakhr attempting establish contact Zahedi's son who expected meet Fakhr night of 13 or 14 July.
- C. Zahedi has had attack rheumatism and gout with which he plagued for number years but now in good health and spirits.
- D. Mossadeq 11 July sent "urgent secret instructions" to Minister Finance to pay Ministry Interior rials two hundred thousand (Dollars two thousand) "for printing the papers." Opposition believes this refers to forms for referendum which Mossadeq believed planning to hold in effort gain expression popular back

4. Following report received, dated 12 July, []

- "1. Station representative asked whether any basis to rumor Shah intends abroad. Source stated Shah very much encouraged by Eisenhower letter, believes his absence from Iran at this time not advisable and is even supported in this by Queen who now recognizes her own recent trip Spain grave mistake. If Mossad renews pressure Shah would merely return Caspian until storm over.

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2. Should Mossadeq request Shah take initiative dissolve Majlis Shah would refuse. It is however doubted very much whether Mossadeq would present such request to Shah as this would be recognizing Shah has authority "rule" rather than "reign". "

5. Following report dated 14 July [redacted]

"1. Pro-govt. officials in Tehran post office department destroying all copies opposition newspapers mailed to provinces.

2. Opposition in Majlis now consists 20 deputies firmly committed to and 11 deputies cooperating with Zahedi.

3. Independent Deputy Fakhr and National Movement Deputy Khosrow Qashqai now "wavering" toward opposition."

~~SECRET~~

15 July 1953

FROM: Mr. Roosevelt

1. Mossadeq's reason for resignation of National Movement fraction from Majlis:

Felt he could not control Majlis much longer and felt it focal point mounting criticism his government.

2. Opposition reaction must be:

Stress every way point that what is left of Majlis is legal government of country, its democratic center as opposed Mossadeq's illegal dictatorship.

3. All points which follow should have some bearing on Item 2 above.

4. What is present status of Majlis?

We think a fairly good case can be made out for considering remaining members to be a Majlis in fact, or at least in legal theory.

The Majlis should have 136 members. This time Mossadeq stopped the elections when only 80 had been elected. When 2/3 of 80 assembled in Tehran had session opened by Shah, named temporary officers and started approving credentials of each other. When 3/4 of deputies credentials approved then permanent officers (for one year) elected and committees chosen. At that time no one challenged legality of session on basis that it did not have 136 members or any proportion of 136. Since that time it has been meeting on the 80 basis as follows:

2/3 of 80, or 52, must be present to begin debates

3/4 of 80, or 60, must be present to take a vote on a motion or a bill

A majority (1/2 plus 1), or 41, may pass bills or motions.

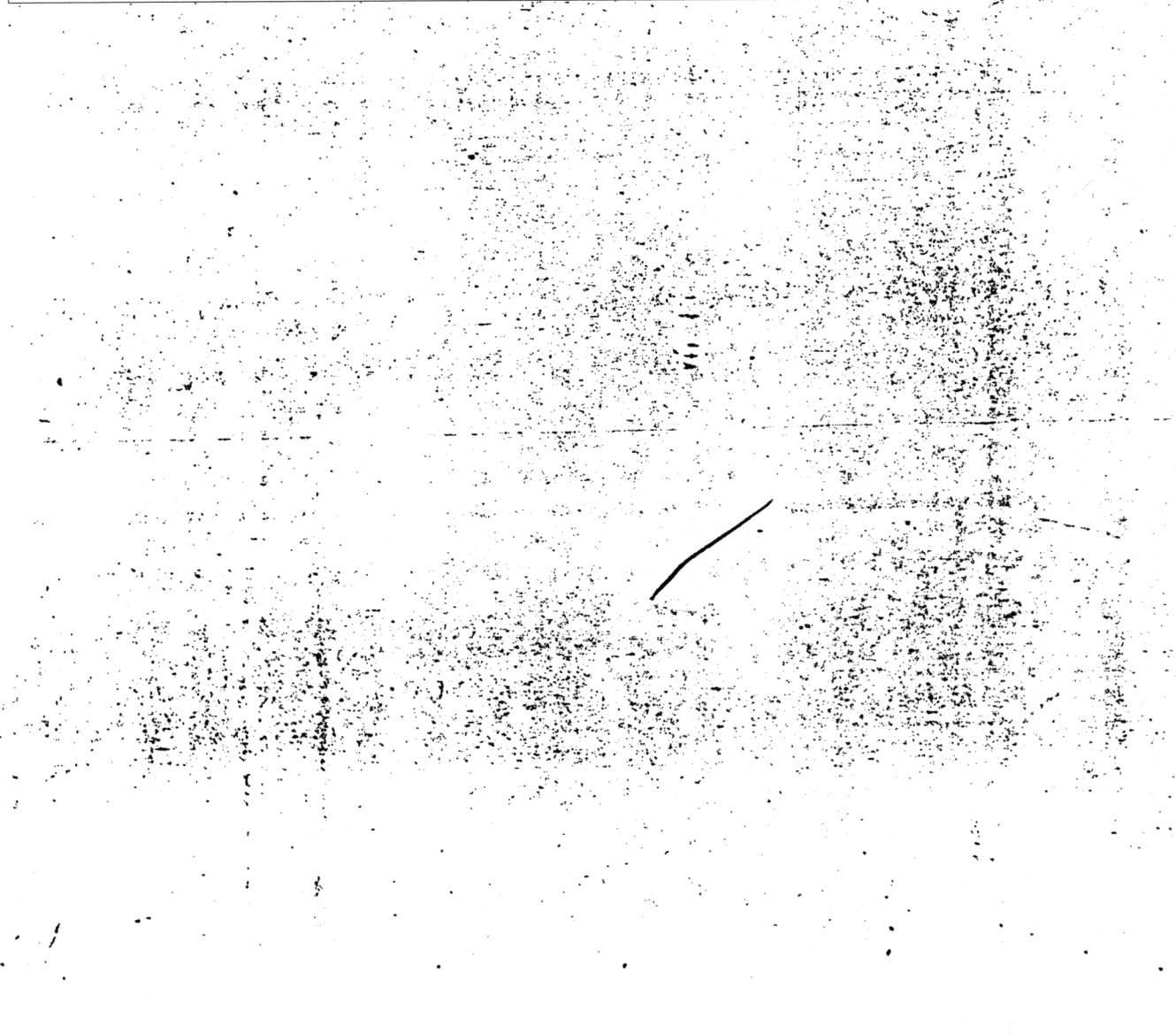
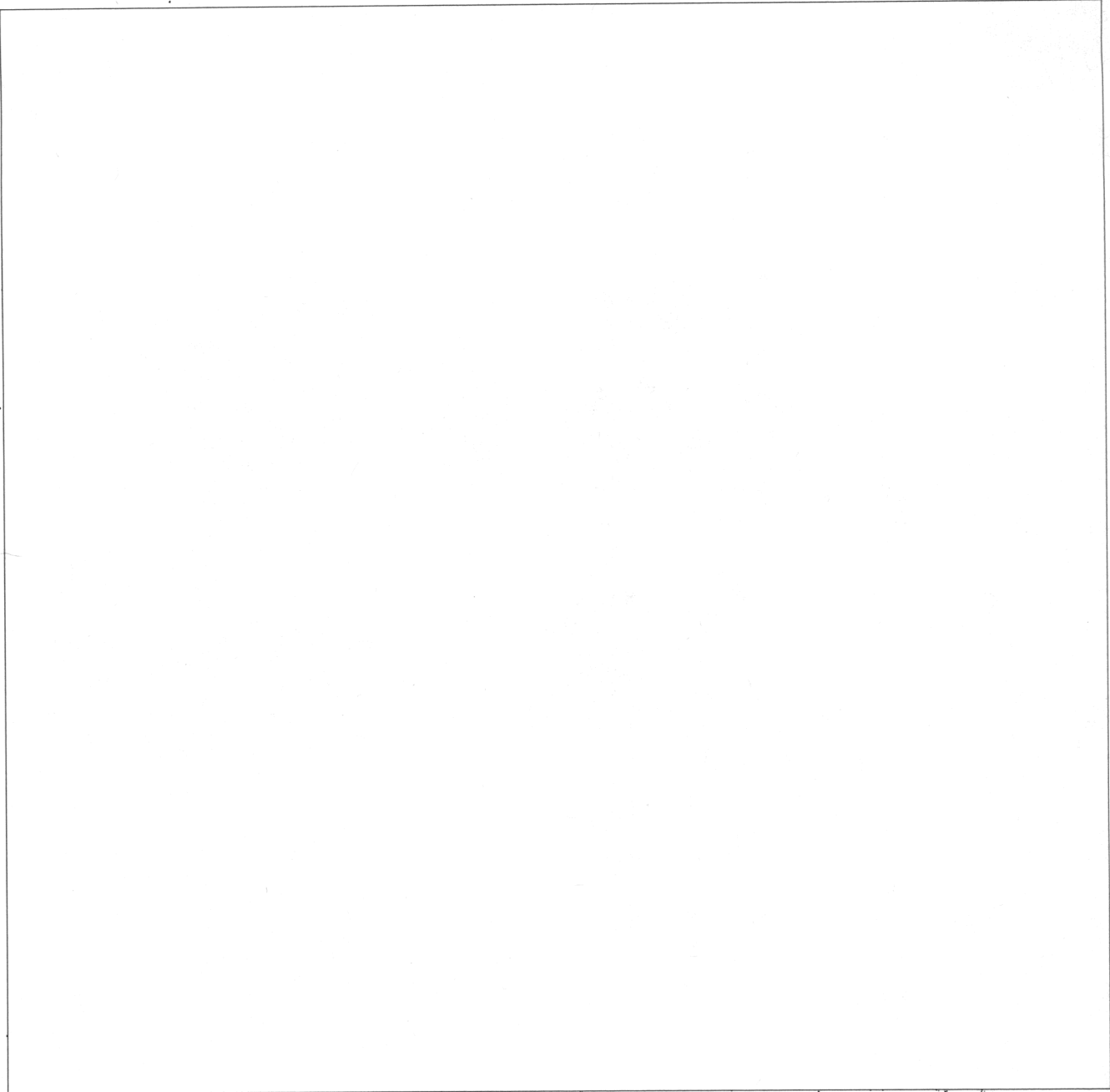
5. Mossadeq and his supporters will probably say that the Majlis is finished because it does not have enough members for a quorum.

6. Mossadeq may want to legally dissolve the Majlis to support Item 5 above. According to Article 48 (as amended) only the Shah has authority to dissolve the Majlis. Mossadeq may claim that his full powers bill gives him this authority, but if he does so he is sure to lose many supporters.

EO 13526 3.3(b)(1)>25Yrs

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 30 MAY 81
REVIEWER CL BY
DECLASSIFIED BY 15 JUL 93
REVIEW ON 15 JUL 93
REMOVED FROM 15 JUL 93



15 July 1953

[REDACTED]

FROM: Mr. Roosevelt

Following was received from Station today and is considered reliable:

1. A. KP Brigade is known as "Central KP Brigade." It consists of three regiments.
 - (1) One regiment numeral unknown is an Headquarters service regiment and from combat point of view is non-effective.
 - (2) 52 regiment is a training regiment. It consists of two battalions one of which is composed exclusively of new recruits and other of recruits with less than twelve months service.
 - (3) One regiment numeral unknown consists of two battalions both well trained. One of these is a reserve battalion; the other one consists of four companies two of which are distributed throughout city in twenty detachments of two officers and ten men each.
- B. In addition to above regiments the Brigade includes an "escort troop" entirely motorized (motorcycles and jeeps) of 120 men. Duties this troop is escort Shah or other prominent personalities at public appearances. This unit is considered as emergency shock troop.
- C. Brigade has enough motorized transport to move simultaneously two battalions.
- D. Armament, equipment and commo facilities described as "adequate".
- E. Heaviest weapon is the 3.5 bazooka. Armament also includes 60 mm mortars and substantial supply machine pistols.
2. In event riots Tehran main responsibility Gendarmerie is to bar access city to bands marching from provinces. Cites case July 52 when Gendarmeries prevented mob 500 strong recruited Kermanshah Hamadan area from driving into city. (General Possough then CO Gendarmerie was later suspended from his command for having taken this step.)
3. Security forces fully capable maintain order Tehran providing receive orders from Chief Staff and these orders received at battalion command level.

~~SECRET~~

EO 13526 3.3(b)(1)>25Yrs

APPROVED FOR RELEASE: 06-21-2011

CLASSIFICATION REVIEW EO 12958
CONDUCTED ON _____
EXEMPTED BY _____
EXEMPTED BY LOWER TO _____
EXEMPTED BY _____
DERIVED FROM _____

15 July 1953

83.

FROM: Mr. Roosevelt

1. Re resignation National Movement Fraction and possibility attempt Mossadeq dissolve Majlis, this message covers suggested reaction.

2. Opposition must stress by every means what remains of Majlis is legal and democratic center of government as opposed Mossadeq dictatorship. As many possible opposition deputies must state Majlis still alive and as many of them can be persuaded must take bast in Majlis purpose carry on business of body. Recognize will be necessary expend money this purpose and determine precisely who does what.

3. Legal argument to be put up that if eighty instead of 136 were functioning legally Majlis then no reason why thirty should not function.

4. As soon possible opposition deputies to meet then elect new officers and committees. Then by internal regulations excuse from attendance members National Movement Fraction as this action solve quorum problem since quorum based on number elected members not excused from attending sessions.

5. As corollary items three and four opposition would state that resignation Fraction illegal since not done in way laid down by internal regulations Majlis.

6. After rump Majlis meets should be ready take following steps if when directed:

A. By suppl art 60 summon Mossadeq appear before it. When ignores order dencunce him to Supreme Court as per suppl art 69.

B. Pass majority vote no confidence in Mossadeq as per suppl art 69.

7. Station to keep in mind that only Shah by art 48 as amended has authority dissolve Majlis and must not be allowed do so. Must also remember suppl art 54 gives Shah authority call special meeting Majlis.

8. Realize none above suggestions easy execute. When have your reaction to eral line better able determine how modify plan to cover Majlis situation. Now incline believe if we able stress National Movement not legally resigned and still members then can have Shah call session at time required by plan. Also feel immediate bast by members fits into bast concept of plan.

~~SECRET~~

EO 13526
3.3(b)(1)>25Yrs

APPROVED FOR RELEASE: ☐
06-21-2011

CLASSIFICATION REVIEW EO 12958
CONDUCTED ON
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84

SIGNATURE RECORD AND COMMENT SHEET
FOR THE INTRA-OFFICE USE OF OSO & OPC ONLY
AS A COVER ATTACHMENT TO FORM NO. 38-13

NOTICE
Detaching Form No. 38-13 for the purpose of securing this form to Top Secret Documents is prohibited.

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FROM:				CONTROL NO.	
TO	ROOM NO.	DATE		OFFICER'S FULL NAME	COMMENTS
		REC'D.	FWD'D.		
1.			16 July		
2.					
3.			17 July		
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

will have card ready tomorrow

16 July 15:10 Per request 4 of Schu's photos sent to him

Pls File

EO 13526
3.3(b) (1) >25Yrs

APPROVED FOR RELEASE: 06-21-2011

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON
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REVISED FROM

84

16 July 1953

MEMORANDUM FOR: [REDACTED]

SUBJECT: Inoculation Record

1. This is to certify that the following request is justified for operational reasons of the greatest importance and priority. The undersigned takes full responsibility.

2. It is requested that a shot and inoculation record be filled out for [REDACTED] for the following shots and their dates (the last shot to complete the series must be given prior to 25 July): - typhoid, para-typhoid, cholera, tetanus, yellow fever, and smallpox, also typhus.

3. All correspondence and records connected with this subject should be classified Top Secret.

[REDACTED]
J. HERMIT ROOSEVELT
Chief
Division of Near East
and Africa

TOP SECRET

17 July 1953

90
[REDACTED]
FROM: Mr. Roosevelt

Following received from station 16 July:

1. According one Opposition deputy "resignation" of independent and Opposition deputies 15 July - following similar action by members pro-Mossadeq National Movement Fraction - was "considered" act of strategy aimed at heading off public referendum by Mossadeq.

2. Opposition deputy explained thinking behind maneuver in this manner:

A. Objective of National Front "resignation" was to close Majlis and thus eliminate influence of Opposition in that body.

B. Mossadeq intended gain Opposition's unconditional surrender by "rigged" referendum which would have resulted in his becoming complete dictator.

C. In announcing "resignation," other deputies, "many of whom fighting secretly against dictatorship", ostensibly removed necessity for Mossadeq to go through with referendum plans.

D. Opposition's "ace in hole", according to source, is that resignations are not legal unless brought up in Majlis session and accepted by assembled deputies. Thus, under present situation, no one has in fact resigned and Majlis sessions may reconvene at any time action is needed - for example: to take Parliamentary action to name new Prime Minister.

3. Opposition deputy explained that Opposition "hard core" of 15 deputies agreed enter Majlis that hour [REDACTED] "until Mossadeq is replaced". He said Opposition agreed this strategy earlier in evening at meeting [REDACTED] This is plan:

A. Deputies will remain in Parliament building.

[REDACTED]

C. [REDACTED]

APPROVED FOR RELEASE:
06-21-2011

~~SECRET~~

EO 13526 3.3(b) (1)>25Yrs

CLASSIFICATION REVIEW EO 12958
REVIEWED ON 30 MAY 21
REVIEWED BY [REDACTED]
[REDACTED] [REDACTED] [REDACTED]
REVIEW ON 17 JUL 83
DERIVED FROM 096

4. He also stated that:

A. Opposition receiving some financial support "but I don't know where from".

B. Opposition agreed stay off streets and in home during 21 July demonstrations.

~~SECRET~~

16 July 1953

FROM: Mr. Roosevelt

The following was received 15 July:

1. Zahedi claims to have following military assets, and has following plan of action:

2. Military figures to take active part:

A.

B.

C.

D.

E.

3. Plan action (assuming Shah's cooperation).

A. Since Zahedi unwilling "political suicide" by extra-legal move, he expects gain legal status for move in one of following ways:

(1) Shah to appoint Zahedi Prime Minister on grounds that Mossadeq forfeited office by "unconstitutional acts".

(2) Shah to dismiss Mossadeq without appointing successor; Zahedi temporary Military Governor "pending selection of Prime Minister by Majlis".

(3) Shah appointment Zahedi to replace Riahi as Chief Staff; immediate arrest Riahi by Zahedi.

(4) Shah's appointment Zahedi Minister Court; immediate isolation Amiri, present Min Court.

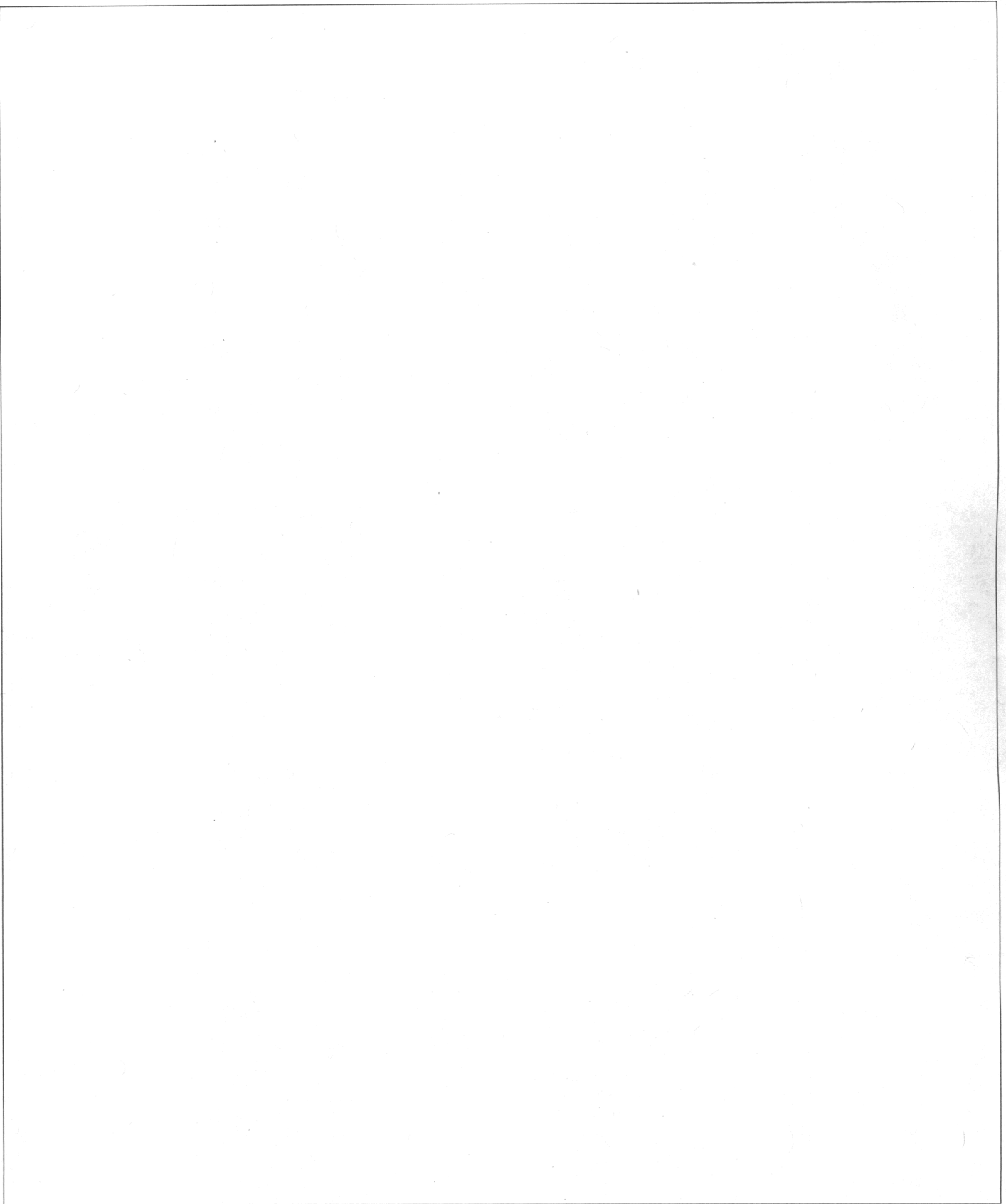
B.

~~SECRET~~

EO 13526
3.3(b)(1)>25Yrs

APPROVED FOR RELEASE: 06-21-2011

CLASSIFICATION REVIEW EO 12958
COMPLETED ON 12-11-91
REVIEWED BY [REDACTED]
[] DECL [] DOWN TO [REDACTED]
REVIEW ON 13-11-92
DERIVED FROM [REDACTED]



95

To: Mr. Waller

22nd July 1953

I have been asked to tell you that Mr. Roosevelt wishes you and Mr. Wilber to pursue the question of the preparation of an official American statement to follow a "successful" coup.

~~Top Secret~~

EO 13526 3.3(b) (1)>25Yrs

APPROVED FOR RELEASE ☐:
06-21-2011

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 22 JUL 1953
DERIVATIVE CL ☐ ☒ DOWN TO ☐
REVW ON 22 JUL 1953
DERIVED FROM 1.15

104
Along The Road Toward Dictatorship

The ultimate test of a popular leader comes when - placed in a position of power - he must choose between the legitimate use or the deliberate abuse of this power.

As a member of the Majlis of Iran in the years which followed our two world wars, Mossadeq consistently defended democratic principles and spoke against the imposition of martial law, against suppression of the press, against rigged elections, against illegal arrests and against all acts by governments in power which violated the spirit or letter of the country's constitution.

Primarily reputed as a doggedly determined, long-winded orator, he was swept into the office of Prime Minister as the most persistent spokesman of the ultra nationalistic sentiments of his countrymen. Once in office a new character unfolded to reveal Mossadeq as a shrewd, persuasive demagogue, capable of taking any and all measures required to maintain his position. His decision was to abuse his power. All those measures which he had so ardently condemned were now imposed upon the people: continuous martial law; a stringent law controlling the press; interference with and cancellation of elections; denial of freedom of speech and of assembly; and illegal arrests, torture and detention. By threat, persuasion and manoeuvre he took over command of the armed forces from the Shah, their constitutionally appointed leader, and by similar tactics he got the Majlis to grant, and then to renew, full powers over the affairs of state. With these powers he could take over the legislative functions of the government.

Criticism of such actions was forthcoming and as the months passed, Mossadeq became increasingly intolerant of criticism. Although his supporters could muster a majority in the Majlis, he resented the fact that a strong minority in that body attacked the unconstitutionality of his deeds. This 17th Majlis, which he had earlier described as being the first term of the body to truly represent the people of the country, he now resolved to destroy. The first move was to force his supporters to resign so that no quorum could be obtained. Charged with the illegality of this move, he determined that the Majlis must be dissolved. Since the constitution of Iran states that only the Shah may dissolve the Majlis, some illegal manoeuvre had to be found. This Mossadeq found in his scheme to hold a "popular referendum" on the question of whether the Majlis should be dissolved, and in support of this move he came up with the alarming statement that "in democratic and constitutional countries no law is greater than the will of the people" (speech of Mossadeq over Radio n, Tehran on 27 July 1953).

Mass meetings were arranged to express the "will of the people" and groups assembled by the government were led in the chant "Mossadeq is victorious" in a manner only too reminiscent of meetings held in Europe in the 1930's. Even larger groups of communists, members of the Tudeh party of Iran, massed to throw their weight behind Mossadeq. They chanted no such slogan but, following the orders of their Soviet masters, eagerly helped to stir up public confusion and uncertainty.

107

~~SECRET~~

12 June 1953

MEMORANDUM FOR: ACNEA

FROM: CNEA/4

SUBJECT: GTI State Department Recommendations With Regard to Iran.

A. Listed below is a series of 10 questions with policy ramifications, on which GTI has requested guidance from Assistant Secretary of State, Byroade. These questions, with GTI's own recommendations which are paraphrased below, were contained in a memorandum from Mr. Arthur Richards, Chief of GTI, to Mr. Henry Byroade, Assistant Secretary of State for Near East African affairs. A copy of this memorandum was given to Under Secretary of State General Bedell Smith. No action has yet been taken by the Assistant Secretary, Mr. Byroade, to accept, reject or answer GTI's recommendations.

1. What reply, if any, is to be given Dr. Mossadeq's request that President Eisenhower act as an arbitrator in the oil dispute?

GTI Recommendation:

No reply should be given to Mossadeq with regard to this matter unless Dr. Mossadeq repeats his request.

2. What guidance should be given the prominent American oil consultant, Mr. Walter Levy, who has suggested that he send, as a private citizen, a suggestion to Dr. Mossadeq of a figure which would be a basis for a lump sum settlement of the compensation question in the oil dispute?

GTI Recommendation:

It is recommended that the U.S. avoid unwanted interference in the oil dispute while at the same time permitting Levy, as a private citizen, by letter to Mossadeq request latter's reaction to his suggestion for an equitable lump settlement.

3. What reply should TCI make to the National Iranian Oil Company's request to have 100 employees trained in the U.S.?

GTI Recommendation:

No objection should be made to U.S. training by TCA of 100 NIOC employees.

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APPROVED FOR RELEASE: 06-21-2011

EO 13526 3.3(b) (1)>25Yrs

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 91
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☐ DECL & DOWN TO SECRET
REVW ON 20 MAY 91
DERIVED FROM

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4. What reply should President Eisenhower make to Dr. Mossadeq's letter of 28 May requesting increased U.S. aid to Iran?

GTI Recommendation:

A letter should be drafted for President Eisenhower's signature informing Dr. Mossadeq that the present level of economic aid to Iran will be increased in FY 1954.

5. What attitude should be taken by the Department toward Mr. Stassen's reported interest in increasing U.S. economic aid to Iran by approximately \$15,000,000?

GTI Recommendation:

The Director of Mutual Security should be informed that we consider U.S. policy objectives furthered by increased economic aid to Iran in FY 1954.

6. Should the Department remove policy objections to the export-import bank's consideration of a \$25,000,000 loan to Iran for agricultural and roadbuilding machinery?

GTI Recommendation:

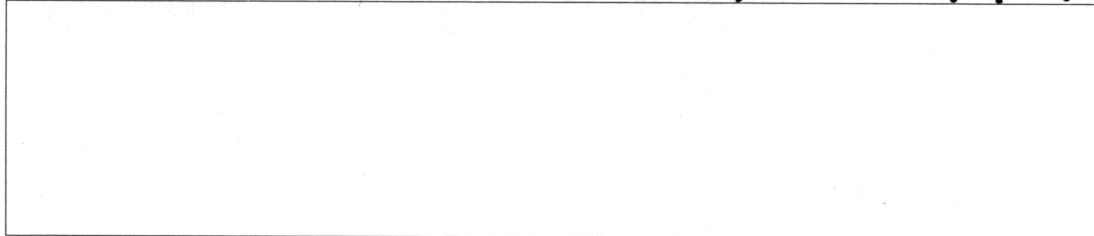
The export-import bank should be informed that there is no policy objection to lending \$25,000,000 to Iran for this purpose.

- B. A second memorandum containing certain suggestions for improving Iran's economy was sent by Mr. Arthur Richards, Chief of GTI, to Mr. Henry Byroade, Assistant Secretary of State for NEA, with a copy to Under Secretary Smith. Points covered in this memorandum, along with GTI recommendations, are summarized below:

1. What funds can the U.S. government use to subsidize an American airline in affiliation with Iranian Airways, which is at present bankrupt and in great danger of falling under control of persons favorable inclined toward the Soviet Union?

GTI Recommendations:

It is strongly recommended that the U.S., through one or more of its appropriate agencies, make available up to \$500,000 for this purpose.

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- [REDACTED]
2. What action, if any, should the U.S. government take to increase Iran's diplomatic and commercial relations with West Germany?

GTI Recommendations:

The U.S. should encourage in any way possible increased West Germany trade with Iran.

3. Should additional efforts be made to strengthen Iran's military establishment and to increase its political importance and position in the national economy?

GTI Recommendations:

Yes.

4. What measures should the U.S. government take to decrease the number of Americans in Iran (nearly 1500) in face of deteriorating security in that country and increasing hostility by all elements of Iranian society to the West in general and to the U.S. in particular?

GTI Recommendations:

[REDACTED] The paper covering this point was not immediately available, so GTI's recommendations are not accurately known. However, it is believed that GTI has recommended that efforts be made to control the number of dependents going to Iran.

- C. The reasons for GTI's recommendations per A above which, if accepted, would reverse American policy toward Mossadeq as stated by Under Secretary of State Smith, are believed to be the following:

1. U.S. national interest would seem to require the arrest of the present deterioration of conditions in Iran before that country passes a point of no return in its relations with the free world.
2. We cannot expect to be able to remove Prime Minister Mossadeq at this time and even if we could, it would have to be done in such a way as to jeopardize our world policy toward small nations and our future position vis-a-vis the Iranian nation and people.

~~TOP SECRET~~

~~TOP SECRET~~

3. Any effort to unseat Mossadeq on our part would ~~be~~ belie our long-standing national policy of supporting the sovereignty of small nations and refraining from interfering in small nation's internal affairs. Also, such action in the long run would cause the U.S. to be hated by the Iranian people just as the British are hated today.
 4. Aggressive interference in Iranian affairs calculated to bring about Mossadeq's downfall, might precipitate a civil war condition in Iran.
- D. Although the recommendations as summarized in B above would appear to be justified and do not contribute materially to Mossadeq's power and stability, the recommendations contained in A above, if accepted as policy, would prolong Mossadeq's tenure of office. Furthermore, latter recommendations would make Project TPAJAX not only inoperable but also inconsistent with national policy.
- E. Attached hereto is a copy of a position paper on Iran prepared by GTI, Department of State, which is included as it reflects GTI thinking on the Iranian question.

Attachment (1)

~~TOP SECRET~~

SECRET SECURITY INFORMATIONPOSITION PAPERIRANObjective

United States desires to keep Iran independent and not dominated by the USSR.

United States Position.

As regards certain aspects of the Iranian problem, the United States position is clear. The United States Government will avoid any unwanted interference in the oil dispute. The United States Government will not purchase Iranian oil. The United States Government has advised against the dispatch of American oil technicians to the Abadan refinery under private auspices. The United States neither encourages nor discourages persons or firms interested in purchasing Iranian oil.

The United States also desires to prevent an economic collapse which would play into the hands of predatory forces in Iran. Ambassador Henderson has reported that present levels of United States aid to Iran are insufficient to reverse the trend of events in Iran which is favorable to the communist organization there. It is true that any increased aid to Iran will serve, to some extent, to strengthen the Mossadeq Government and reduce pressures upon the Iranians to come to an equitable settlement of the Anglo-Iranian oil dispute. Nevertheless, United States national interest would seem to require the arrest of the present deterioration of conditions in Iran before that country passes a point of no return in its relations with the free world.

The Department is taking advantage of Ambassador Henderson's presence in the United States on consultation to clarify its position on the following problems:

1. What reply, if any, is to be given Dr. Mossadeq's request that President Eisenhower act as an arbitrator in the oil dispute?

SECRET SECURITY INFORMATION

SECRET SECURITY INFORMATION

- 2 -

2. What guidance should be given the prominent American oil consultant, Mr. Walter Levy, who has suggested that he send, as a private citizen, a suggestion to Mr. Mossadeq of a figure which would be a basis for a lump sum settlement of the compensation question in the oil dispute?
3. What reply should TCA make to the National Iranian Oil Company's request to have 100 employees trained in the United States?
4. What reply should President Eisenhower make to Dr. Mossadeq's letter of May 28 requesting increased United States aid to Iran?
5. What attitude should be taken by the Department towards Mr. Stassen's reported interest in increasing United States economic aid to Iran by approximately \$15 million?
6. Should the Department remove policy objections to the Export-Import Bank's consideration of a \$25,000,000 loan to Iran for agricultural and road-building machinery?
7. What funds can the U.S. Government use to subsidize an American airline in affiliation with Iranian Airways, which is at present bankrupt and in great danger of falling under control of persons favorably inclined toward the Soviet Union?
8. What action, if any, should the U.S. Government take to increase Iran's diplomatic and commercial relations with West Germany?
9. Should additional efforts be made to strengthen Iran's military establishment and to increase its political importance and position in the national economy?
10. What measures should the U.S. Government take to decrease the number of Americans in Iran (nearly 1500) in face of deteriorating security in that country and increasing hostility by all elements of Iranian society to the West in general and to the United States in particular?

NEA:OTI:JHStutesman:br/jaw
6/10/53

SECRET SECURITY INFORMATION

30 July 1953

MEMORANDUM FOR: DEPUTY DIRECTOR (PLANS)

SUBJECT: Return of Ambassador Henderson to Iran.

1. [] from Roosevelt in answer to Ambassador Henderson's last message from Salzburg, gives the opinion, shared by Charge Mattison (Tehran) that Henderson should delay his return to Iran.
2. However, Roosevelt did not write [] with the benefit of your cable, [] giving State's objections to Henderson remaining out of Iran.
3. Recommended Action: No action should be taken until Roosevelt's answer to your cable is received, nor should [] be relayed to Henderson until Roosevelt's answer has been received.

JOHN H. WALLER
[]

APPROVED FOR RELEASE: 06-27-2011

EO 13526
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EO 13526
3.3(b) (1) >25Yrs

EO 13526
3.3(b) (1) >25Yrs

APPROVED FOR RELEASE: 06-21-2011

Article appearing in Sada Lubnan, Beirut daily, 27 July 1953, page one, jumped to page four.

FEAR SOVIET EXPANSION INTO IRAN

Mossadeq's Acceptance of Russian Proposals Threatens Arab World

Teheran (undated) - Premier Mossadeq has decided to solve the problems confronting his government by a dangerous and internationally-explosive rapprochement with the USSR, according to a well-informed source in this capital.

In the face of approaching bankruptcy and the growing opposition to his political maneuvers, Mossadeq has to make certain basic decisions, according to the report. The specter of bankruptcy has arisen due to the premier's failure to sell Iranian oil in the world market and also, in great part, to his failure (or refusal) to clean out the corrupt elements in his own house. Heaviest elements among his growing opposition are the religious leaders, especially Kashani and Borujerdi, who disapprove of Mossadeq's friendly attitude toward Iranian Communists.

In a move that would seriously alter the political and economic situation in the whole Middle East, Mossadeq plans to solve his difficulties by accepting the following proposals, recently made by Soviet Ambassador Sadchikov here:

An immediate loan of 35 million dollars.

Economic assistance in greater magnitude than that of Point Four, plus free soviet personnel and opportunity of purchasing equipment at cost.

Purchase by the USSR of all the Iranian oil production at 50 percent discount.

Iran to expel all U.S. Point Four personnel and military missions.

The Iranian government to lift the ban on the Tudeh Party and schedule free elections next fall.

Iran to offer the opportunity to reopen the Soviet Consulate and other agencies expelled by former unfriendly governments.

The USSR to hold the 17 tons of Iranian gold presently in Moscow as a guarantee of good faith on the part of Iran.

Implementing of this plan presents obvious radical changes in the whole structure of political and economic norms in the Middle East. Observers here point out that when Mossadeq completes the deal with the Soviet Union, Iran will become potentially the strongest satellite of the Communist world. Her large population, abundant resources and strategic position will place her in the position of Russia's giant wedge, driving through the heart of the Orient, threatening to pinch off the remainder of the Far East on one side and operating against the Near East and Arab States on the other.

~~SECRET - SECURITY INFORMATION~~

The huge and relatively isolated free world, lying between the Mediterranean and Africa on one border and China on the other, would henceforth be forced to reckon with a potentially unbeatable economic and political force, resurgent with dangerous ideological overtones, occupying its center. This prospect, when the situation becomes better known and clarified, is expected to produce strong resentment and fear in neighboring Arab countries, where the threat of organized Communist expansion has, up to now, been largely a matter of theory rather than menacing reality.

SECRET - SECURITY INFORMATION

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5 August 1953

Following is proposed text of State Department release:

"This situation in Iran has long been the subject of great concern to us. Mounting political and economic tensions there have apparently led the Iranian people, under the leadership of their Shah, to seek a new government. Developments in Iran are moving very rapidly and, while we are watching the situation closely, we do not yet have sufficient basis for much comment at this time. We assume from fact Shah has given his approval to the new government (or: "We are glad to note from statements by new government") that the new government will follow a policy of maintaining Iran's independence and promoting its economic and social well being, which is what the U.S. has always wished for Iran. This government has long sought to assist Iran to maintain its territorial integrity, economic health and position in the community of free nations. Iran, under previous governments since the war, has received American aid. Provided the new government desires American assistance, and, as we hope, intends to work in the best interests of Iran, the U.S. expects to be able to continue to extend a helping hand and to cooperate in building Iran's strength to resist communist subversion."

APPROVED FOR RELEASE:
27-Jun-2011

EO 13526 3.3(b)(1)>25Yrs.

~~SECRET~~

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 30 MAY 81
DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ FOWNCR TO MAINTAIN
REVW ON 5 AUG 83
DERIVED FROM D96

~~SECRET~~

EYES ONLY

ATTN

19 August 1953

1. Voice of America beginning about 10:00 a.m. today received authorization to play as straight news Shah's statements made in Rome in Persian to Teheran. Query -
2. General Smith suggested that we should use in actual discussions and "urgings" with the Shah -- but without attribution to the actual source the following two statements (which were actually made within the past 48 hours by the Iranian Ambassador in Washington to someone in State).
- a. That what the Shah did was entirely constitutional and legal under Iranian law and moreover in keeping with Iranian practice and tradition.
 - b. Had the Shah remained in place and not run away -- and backed up Zahedi with his own presence and oral affirmation of authority -- the change of government would have been effective in the first instance. The failure is in very large part attributed to the fact that the Shah departed suddenly leaving behind only pieces of paper which are not too meaningful or forceful in Iran at best let alone when they are the subject of controversy as to their validity.

Security
WBS

Note:~~SECRET~~

CLASSIFICATION REVIEW EO 12958
CONDUCTED ON 20 MAY 81
DERIVATIVE CL B
☐ DECL ☐ DOWNGR TO CONFIDENTIAL
REVW ON 19 APR 83
DERIVED FROM 096

EO 13526 3.3(b)(1)>25Yrs

APPROVED FOR RELEASE:
21-Jun-2011

APPROVED FOR RELEASE:
06-21-2011EO 13526
3.3(b)(1) > 25Yrs

CONFIDENTIAL

~~SECRET~~~~EYES ONLY~~

AUG 30 1953

The following was dictated by [redacted]
[redacted] took the original with him. 9/20/53

The following are additional points and thoughts which should be considered in connection with the idea that the company might be in the position to play a most useful and constructive role in connection with the recent development in "x" country. The following information is based upon statements of extremely well-placed and reliable informants.

possible

The new Boss has very definitely in mind a series of programs of economic and social betterment for his country. As a matter of fact, this is rather definitely confirmed by the fact that the very first words he uttered upon getting to the loudspeaker on the eventful day were promises to the people of such programs. Unfortunately, his ideas are ill-formed and to some extent quite impractical and he is definitely believed to be standing in the need of advice. Specifically, he needs someone, whom he would regard as disinterested and friendly, to point out to him what kind of programs would be useful and constructive and which are, at the same time, ~~feasible~~. It would be of equal importance for him to be advised as to what kind of programs, including some ideas which he has in mind, are not feasible either in the immediate future or, for that matter, at all. The time is ripe at this very moment for such advice and assistance because, if this is not forthcoming and if there is no one who can provide this, he may commit himself further along lines that he will not be able to deliver on to the people. This in turn will have an adverse effect and will play directly into the hands of the very worst elements of the opposition. (There is no doubt that any overstatements or unkept promises will be exploited by the Party and Soviet propaganda to the utmost.) It is even possible that the company might wish to send one of its knowledgeable representatives out for a quick trip to look over the situation and to contribute his recommendations. It is also believed to be a practical certainty that the Ambassador would recommend such a visit and would be only too glad to arrange for appropriate introductions and the presentation of the most favorable and impressive credentials.

Even though it is understood that there will presumably be continuing governmental programs under the administration of Mr. Stassen's new organization (FOA), there will of course be a limit to both the size and kind of such programs with the probable result that there will be a substantial area left open for consideration by a private company engaged in this particular line of business. Moreover, the contribution of advice and guidance which could be made at this time would be highly valuable in and of itself alone and certainly any publicity which the company would be willing to authorize concerning the interest which it is taking would in all probability redound to the benefit and strengthening of the present regime which is understood to be rather favorably regarded by our government.

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON [redacted]
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DERIVED FROM [redacted]

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APPROVED FOR RELEASE:
27-Jun-2011

~~SECRET~~

Security Information

EYES ONLY

20 August 1953

MEMORANDUM FOR: The Acting Director of Central Intelligence

SUBJECT : Proposed Commendation for Communications Personnel
who have serviced the TPAJAX Operation.

1. A suggestion has been made to me which I heartily endorse and pass on to you as a recommendation for your action -- that the communications personnel who have serviced the TPAJAX operation receive a special commendation from you. If you agree that such a commendation should be given, I should appreciate it if you could associate myself and our staff personnel, who are aware of the long hours of hard work put in by the communications people, with the commendation.

2. I am sure that you are aware of the exceptionally heavy volume of traffic which this operation has necessitated. The communications personnel involved have conducted themselves with conspicuous energy and efficiency. Although I do not know all the facts, I am sure that many of them worked extra hours and throughout the nights. Just one illustration of the zeal which has marked their activities is the fact that on the first messages from Teheran yesterday the communications people beat our estimated deadline (as to the earliest time we could expect to have the messages in front of us) by nearly two hours. I was also most favorably impressed by the serious and expeditious treatment of the midnight message to the Director [redacted] about which I called you.

3. My suggestion would be that you address the proposed commendation to General McClelland, to be shown by him to all hands, both here and in the field, who were involved. If you approve of this suggestion, I will be glad to draw up the commendation for your signature -- that is unless you would prefer to do so yourself.

FRANK G. WISNER
Deputy Director (Plans)

DD/P:FGW/vmh 20 August 1953

Distribution:

Orig: Addressee

1 cc: DD/P:FGW/vmh

1 cc: DD/P:Garcia

John Waller concurs in this recommendation and has commented very favorably on the "Savvy" demonstrated by the TPAJAX commo people. - FGW

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON [redacted]
DERIVATIVE CL [redacted]
☐ DECL ☐ DOWNER TO [redacted]
REVW ON 20 MAY 91
DERIVED FROM [redacted]

~~SECRET~~
Security Information

EYES ONLY

20 August 1953

MEMORANDUM FOR: The Acting Director of Central Intelligence

SUBJECT : Proposed Commendation for Communications Personnel
who have serviced the TPAJAX Operation.

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*John Waller concurs
in this recommendation.
and has commented very
favorably in the "SAVVY"
demonstrated by the commo.
people. FSW*

[]
FRANK G. WISNER
Deputy Director (Plans)

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Security Information

(121)

APPROVED FOR RELEASE: 21-Jun-2011

CONFIDENTIAL

EO 13526 3.3(b)(1)>25Yrs

~~SECRET~~
Security Information

A

26 August 1953

MEMORANDUM FOR: CNEA DIVISION

SUBJECT: Commendation

1. While you have expressed your appreciation of Headquarters support, and particularly that of John Waller, CNEA this is to notify you formally and officially, that John Waller is to be commended for his work in TPAJAX.

2. From the time the operation began to develop, up to the peak and through this follow-up phase, he has demonstrated diligence, intelligence, and high level of judgment in his support to the field action. He manifested a real appreciation of the field activities and the appropriate support that Headquarters could furnish. He further demonstrated a high level of ability to deal with and elicit guidance of senior State Department officers. Throughout, he maintained calmness and objectivity which, in no small measure, contributed to the successful result.

(Signed) FRANK G. WISNER

FRANK G. WISNER
Deputy Director (Plans)

DD/P: 8/24/53

Distribution:

Orig - Adse

- 1 - PD/C (subj file) ✓
- 1 - DD/P subj file ✓
- 1 - DD/P chrono file

CLASSIFICATION REVIEW EQ (2008)

CONDUCTED ON 20 MAY 21

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REVW ON 20 MAY 21

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Security Information

26 August 1953

134
134
~~EYES ONLY~~

MEMORANDUM FOR: [REDACTED]

SUBJECT: Letter of Commendation [REDACTED]

REFERENCE: Mr. Waller's memo of 24 Aug. to DD/P, same subject.

Mr. Wisner asked me to tell you that he is troubled about the security implications of a CIA letter of commendation [REDACTED]

[REDACTED]

15/

[REDACTED]

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Security Information

EO 13526 3.3(b)(1)>25Yrs

APPROVED FOR RELEASE:
21-Jun-2011

CLASSIFICATION REVIEW EO 12065 -
CONDUCTED ON 20 MAY 91
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REVW ON 20 MAY 91
DERIVED FROM [REDACTED]

~~SECRET~~

Security Information

EYES ONLY

27 August 1953

a/bw

MEMORANDUM FOR: The Director of Central Intelligence

SUBJECT: The first stages of negotiations for the settlement of the oil dispute, and other matters pertaining to Iran.

1. You are, of course, aware of the role played by this Agency prior to your departure in alerting various other departments and agencies (principally State and MSA) to the necessity of being prepared to provide economic assistance to Iran in certain eventualities. We have been prompt in following up these preliminary preparations and have, I think, done all that could be expected of us (CIA) in the direction of getting things moving. As a matter of fact, this has led us inevitably into certain aspects of the opening phases of consideration and negotiation (hopefully) looking toward a settlement of the Anglo-Iranian oil controversy. One of the reasons for our participation has been our close knowledge of the facts, including the local temperaments and temperatures in Iran, [redacted]

[redacted] But in addition, we have had our own financial interest at stake in that our pocket-book is affected and will be further affected if something is not got under way quickly to produce revenues for the Iranian Government.

2. We have discussed various aspects of these related matters with General Smith, Henry Byroade, Governor Stassen and others, making it clear to all concerned at all times that we were most anxious to avoid creating the impression that we are concerning ourselves with matters not within our range of interest. One development which has occurred and which you should know about is that (with General Cabell's authorization) I supported Henry Byroade's appeal for assistance in the form of getting Paul Nitze in on the State Department thinking and planning -- if only on an arms' length, no title, no pay, basis. This was overruled for reasons deemed sufficient by higher echelons -- a decision which I personally regard as regrettable in view of the vast amount of knowledge, background and experience which Paul has had throughout the entire history of the Iranian negotiations. (It will be recalled that he headed the US negotiation team which went to London about a year ago.)

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APPROVED FOR RELEASE:
27-Jun-2011

EO 13526 3.3(b)(1)>25Yrs

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
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DERIVED FROM 57c

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Security Information

- 2 -

3. Because of your own interest and familiarity with some of the past history of these negotiations, it has seemed to me that you might be interested in the first two suggestions which were offered by Paul Nitze, following which I presume he would have fallen out of play. Paul proposed, very tentatively of course, that

a. Consideration be given to the possible applicability in the Iranian situation of the Mexican arbitration formula (as distinguished from the settlement which was ultimately arrived at between the Mexican and British governments). According to Paul, the Mexican arbitration formula was a new invention at the time it was brought forth. It consisted basically of having each party pick his own "arbitrator" with the understanding, in advance, that if those two "arbitrators" could arrive at an agreement as between them, the contracting parties would not be bound by it but rather would have the opportunity of accepting or rejecting. This is, of course, not an arbitration at all, but rather a negotiation dressed up in the trappings of an arbitration for the purpose of achieving certain psychological effects. This worked in Mexico. It has not been tried or suggested in Iran. It might be a way of getting things started there.

b. We get some sort of negotiations going immediately for the purpose of creating some revenues for the Iranian Government. These should not be as a part of any over-all settlement to come, and should be so designed as to avoid setting the lines of the over-all negotiation. Moreover, the transaction sought should be clearly explainable in these terms by both parties. Paul's thought in this connection was, again subject to further study and modification, for the Iranians to make certain of the oil in the tanks available to the British -- in return for which certain of the counter-claims asserted by the Iranians would be recognized and met with cash settlements by the British. The point here is that the two acts do not meet as they are not directly related. The advantage from the British standpoint would be two-fold, viz.: (1) Their position concerning ownership of the oil in the tanks would thus be recognized; and (2) since the money would not be paid for the oil but rather in settlement of certain collateral counter-claims, there would be an avoidance of

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- 3 -

any inference of pricing. The advantage from the Iranian point of view would be that their position concerning the counter-claims would be recognized and, last but not least, they would get some much-needed cash.

SIGNED

FRANK G. WISNER
Deputy Director (Plans)

Fbw/bjm 8/28/53

No other copies made -
Orig shown to SAC by Fbw

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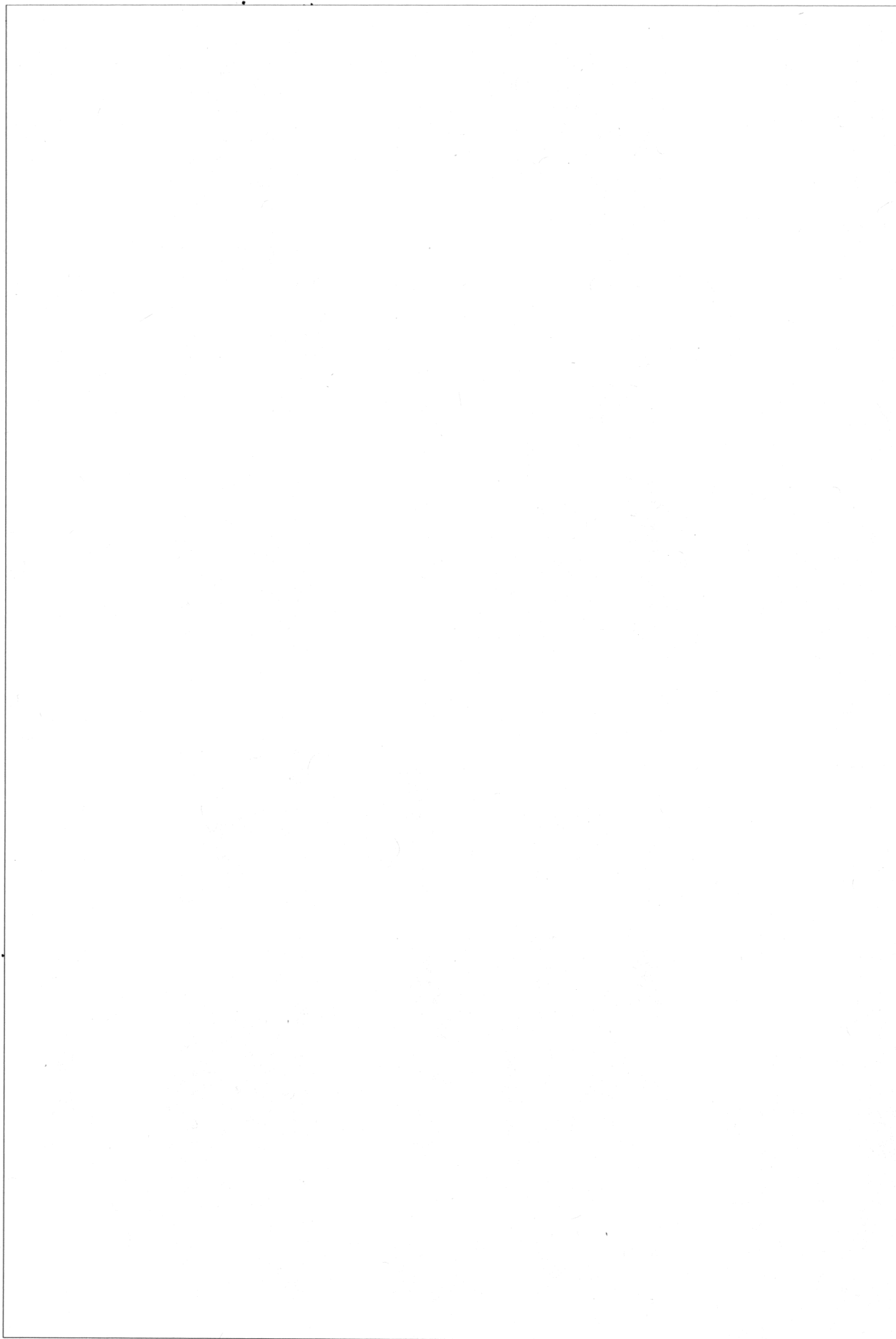
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SECURITY INFORMATION

139

EO 13526 3.3(b) (1)>25Yrs

3 September 1953

MEMORANDUM FOR: Mr. Henry Byroade,
Assistant Secretary of State,
NEA



10 September 1953

[REDACTED]

SUBJECT : Anti-Tudeh Activities of Zahedi Government

REFERENCE : [REDACTED]

1. General Dadsetan, Military Governor of Tehran, has been assigned by Prime Minister Zahedi task of directing countrywide crackdown on Tudeh Party.
2. As of 5 September Dadsetan had arrested 412 Tudeh members including: Morteza Qasbi, Davud Noruzi and Mahmud Zhandi, whom Dadsetan considers members of Tudeh Central Committee.
3. Rank-and file Tudeh members, who are arrested, are to be banished to Turistan.
4. Three Tudeh arsenals and "several" printing presses have been seized.
5. Dadsetan claims "part of" Tudeh headquarters has been raided and captured documents turned over to Iranian G-2.
6. Tudeh Party is now printing newspapers in Soviet Embassy. Newspapers are transported in diplomatic cars to Rumanian Legation. There Tudeh newspapers are placed in bundles with newspaper attelant and keyhan on top. Newspapers are then taken by diplomatic cars to four distribution points: Javadiyeh (near railroad station); Mofatabad (near Dosban Tappeh Airfield); Majidiyeh Brewery; and one undetermined point. From these points, bundles are thrown into unlicensed jeeps which throw bundles on streets.
7. Within Government now ministers are generally agreed on ousting Tudeh members from Government Ministries. Ministers do not know Tudeh members and must uncover them. Zahedi continue to press for action. (Washington Comment. [REDACTED] for further information concerning General Zahedi's views on this subject.)
8. Tudeh Party is now underground but is trying to form coalition of pro-Mossadeq elements. Dadsetan states emphatically that he has severed Mossadeq-Tudeh alliance and that Bazaar has abandoned Mossadeq. Dadsetan is watching closely for possible sources of financial support for Tudeh Party.

[REDACTED]
Acting Chief
Division of Near East
and Africa

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EO 13526 3.3(b)(1)>25Yrs

APPROVED FOR RELEASE:
21-Jun-2011

CLASSIFICATION REVIEW E0 12065
CONDUCTED ON 40 MAY 81
DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ DOWN TO [REDACTED]
REVW ON 10 SEP 89
DERIVED FROM D9.5

r52

31 September 1953

[REDACTED]

SUBJECT : Anti-Tudeh Measures of Iranian Government

REFERENCE :

1. On 8 September following arrests were made: Yusuf Aghajani Pashai; Taya Hosseyn Farahi; Hosseyn Moham ed Tehrani; Mehdi Hassan Chasensadch; Hosseyn Afendilsh Mohammadi; Ebnu Tabandeh Abbas Azariyeh.

2. Iranian officials consider the persons listed Para 1 above "Russians or Foreigners" and members "Real" Central Committee of Tudeh Party.

3. Mortesa, Mostafa, and Ahmad Lankerani have been arrested and released. General Zahedi believes that they cooperated with him during 16-19 August and that Lankerani brothers know that they would be among first to be killed if Soviets attack Iran.

4. On 12 September all prisoners are to be sent to Khorramabad. Brigadier General Zargham will be Commanding Officer at Khorramabad.

5. Dr. Kader Nami, foremost stomach surgeon Iran, has been arrested for Tudeh Activities. According source, Nami headed Health Department of Tudeh Party.

[REDACTED]

Acting Chief
Division of Near East
and Africa

APPROVED FOR RELEASE: 06-21-2011

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EO 13526 3.3(b) (1) >25Yrs

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
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☐ DECL ☐ DOWNGR ☐ UNCLASSIFIED
REVW ON 7 11 SEP 82
DERIVED FROM 076

Security Information 11 September 1953

SUBJECT : Tudeh Party Instructions

REFERENCE : [REDACTED]

1. The following Tudeh Party Instructions were issued on 25 August:
 - A. Some comrades are indifferent to night duties (wall writing, distribution of tracts, etc.) and endanger the success of our movement by their absence. These assigned duties are carefully chosen and might be preliminary steps to vast operations which the Party is preparing against the organizers of the Coup.
 - B. Before engaging in night duties, comrades should select the location with care, check for hidden police agents, be prepared to resist arrest, etc. (Source Comment: Members were advised late on 29 August to disregard instructions A and B above and to do nothing until further notice. Meantime members can tell people that the Tudeh is "always thinking of striking down Coup elements.")
 - C. Comrades who are able to furnish arms for themselves should do so.
 - D. Secrecy is most important to the Party now. It is essential to Party operations. A possible leakage of Party instructions to authorities might be very serious.
 - E. Comrades frequenting public places, such as bath houses, barber shops, groceries, etc., should try to persuade people to take down pictures of the Shah, inferring that we know that people are not fooled by recent trickery.
 - F. A great number of members of the third force and Pan-Iran are requesting through our comrades to join the Party. Our comrades should remember that the enemy is trying with all its power to penetrate our organization and should take care in presenting new members.
 - G. The Party's request for financial aid is not taken seriously by comrades. Members must realize that financial support is now most important to the Party problem.
 - H. Names of Non-Party members, I.E., members of other parties of the United Front who are actively helping us in night duties, should be reported to Party.
2. The following instructions were issued on 26 August:
 - A. Comrades having any kind of transportation (car, taxi, truck) are obligated to place them at the disposal of the Party.
 - B. When any place or house is searched, the Party should have a report immediately.
 - C. Henceforth comrades must present a written report on the results of the duties assigned by the Party.
 - D. The necessity for secrecy is again brought to the attention of all comrades. According to the information available to the Party, most Party instructions and decisions are disclosed to security authorities.
 - E. The Party's immediate need for money is emphatically called to the attention of the comrades.

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APPROVED FOR RELEASE: 21-Jun-2011

CLASSIFICATION REVIEW EO 12065
 CONDUCTED ON 23 MAY 81
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 REVW ON 11 SEP 83
 DERIVED FROM D96

EO 13526 3.3(b)(1)>25Yrs

Security Information

- F. Anyone having any proposal concerning any question should present it in writing to the Shahrastan Committee.
G. Comrades who know a convenient house for rent (which has not attracted police attention) should report to the Party immediately.

3. The following instructions were issued to call responsables on 28 August:

- A. Mardon will appear soon, but not this week.
B. All members who can should change their houses. Members' houses again should be cleaned of Party material.
C. Begin wall writing again but only where the danger is slight.
D. Responsibles are expected to pay the Party at least one month's

4.

- A. An unspecified number of "strong workers" go outside of town every day for arms familiarization and practice in firing.

arms training classes were temporarily dropped but that the collection of arms and medical aid items continued.).

- B. Many members disagree with the Party's recent policy.

the Party "confessed" that it had been deceived by Mossadeq and defeated in recent development, but it was irked by "childish" criticism of the Party policy of no revolt and general passiveness.) As indicative of this, one "old" member commented bitterly that with the money collected for the purchase of arms the Party intended to buy houses and gardens in which to hide members.

Acting Chief
Division of Near East
and Africa

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157

18 September 1953

[REDACTED]

FROM: Mr. Roosevelt

[REDACTED]

1. Former Prime Minister Mossadeq has written a letter to Prime Minister Zahedi denying any intention to overthrow the Iranian dynasty. In letter Mossadeq also denied that referendum scheduled after Shah's departure for Baghdad was designed to end the Shah's rule.

2. Zahedi read Mossadeq's letter to members of Cabinet who received it "with amusement".

APPROVED FOR RELEASE:
27-Jun-2011

EO 13526
3.3(b)(1)>25Yrs

[REDACTED]

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ DOWNGR TO MAINTAIN
REVW ON 18 SEP 88
DERIVED FROM 096

158

18 September 1953

[REDACTED]

FROM: Mr. Roosevelt

[REDACTED]

1. Prime Minister Zahedi has told the Shah that Chief of Staff General Nadr Batmangelich and Deputy Chief of Staff General Dehimi must be dismissed.

2. If the Shah refuses to agree to the above, Zahedi proposes to tender his own resignation.

APPROVED FOR RELEASE: 06-21-2011

[REDACTED]

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 18 SEP 83

DERIVATIVE CL BY

☐ DECL ☐ DOWN TO MAINTAIN

REVW ON 18 SEP 83

DERIVED FROM D7b

162

21 September 1953

FROM: Mr. Roosevelt

- [REDACTED]
1. The two deputy Chiefs of Staff, Generals Akhavi and Dehimi, are intriguing to remove Chief of Staff Batmangelich in favor of General Arfa. [REDACTED] objective is to make Arfa another Razmara.
- [REDACTED]

- [REDACTED] an interview with Prime Minister Zahedi revealed following:
1. The Iranian Government has been financially supporting Ayatollah Behbehani. Zahedi is willing to give Behbehani's candidates jobs of less importance than key positions. However, Behbehani's son Ja'far wants the portfolio of Minister of National Economy. Such an appointment is impossible and failure of the Prime Minister to carry it out has resulted in the estrangement of the Prime Minister and Behbehani.
 2. Amidi Nuri, the Deputy Prime Minister, has helped Zahedi greatly and will not be removed unless he "does something wrong."
 3. Colonel Paidar is to be removed as head of the secret police when another position is found for him.
 4. Chief of Police General Alavi Moqadam may be removed in the near future.
 5. Sharif Imami, head of the Seven Year Plan Organization, has been instructed to change certain corrupt appointments in his department. If the Prime Minister's instructions are not carried out promptly, Imami is to be removed.

EO 13526 3.3(b)(1)>25Yrs.

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 91
DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ DOWN TO MAINTAIN
REVW ON 21 SEP 83
DERIVED FROM D96

21 September 1953

FROM: Mr. Roosevelt

1. Political:

- A. Energetic action against Tudeh Party is gaining increased public respect for new government. However, this partially offset by slowness in bringing former Prime Minister Mossadeq and his advisors to trial.
- B. Because of "soft" government treatment of Mossadeq, Mossadeq's followers and the Tudeh Party are exploiting the situation to set up opposition to Prime Minister Zahedi; the suggestion that Mossadeq "is down but not out" is heard more and more frequently.
- C. There is much public criticism of Zahedi's appointments but few constructive suggestions on possible replacements. It is obvious, however, that part of this criticism stems from disgruntled politicians who have not received jobs.
- D. Among factors threatening stability of the Zahedi government, the most serious are signs of friction between the Shah and Zahedi over Army appointments and talk in court circles that Dr. Eaghaj might be a good man to replace Zahedi.

2. Military:

- A. Chief of Staff Batmangelich "is throwing his weight around", bypassing Zahedi and Minister of Defense Hedayat, and carrying his problem directly to the Shah (who insists that the Army is his).
 - B. As a result of paragraph 2A above, Batmangelich is the object of Zahedi's ire.
 - C. Intriguing jointly with Batmangelich against Zahedi are Generals Deihimi and Akhavi, Deputy Chiefs of Staff, who are also attempting secretly to oust Batmangelich in favor of pro-British General Arfa.
3. Religious: The Shah is courting the favor of the leading Moslem prelates; Zahedi is losing their favor because of his firm stand in resisting clerical efforts to dictate appointments to government jobs.

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APPROVED FOR RELEASE:
06-21-2011

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DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ DOWNGR TO MAINTAIN
REVW ON 21 SEP 83
DERIVED FROM D96

22 September 1953

FROM: Mr. Roosevelt

1. A power tug-of-war between the Shah and Prime Minister Zahedi over the control of the Army continues to be a serious threat to Iranian stability.

2. Zahedi and General Hedayat, Minister of National Defense, pull against the Shah, Chief of Staff General Batmangelich and the latter's two deputies, Generals Akhavi and Deihimi.

3. The Shah has replaced Colonel Moini (first name unknown) of Military Police and Brigadier General Timur Bakhtiar, Commander of Kermanshah Brigade, without Zahedi's knowledge.

4. Batmangelich is resisting the return of retired officers to active duty while Zahedi is pressing for their return.

5. Zahedi now hopes to have General Garzan installed as new Chief of Staff.

6. Rumors persist that General Arfa is behind Generals Deihimi and Akhavi. Akhavi asked "a colonel" to see General Guilan Shah and have latter urge Zahedi to make Arfa Chief of Staff.

7. General Vosuk, soon leaving for Iranian Embassy, Washington, was the victim of the Shah-Zahedi power struggle.

EO 13526 3.3(b)(1)>25Yrs

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APPROVED FOR RELEASE:
06-21-2011

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
DERIVATIVE CL BY
☐ DECL ☐ DOWNGR TO MAINTAIN
REVIEW ON 22 SEP 83
DERIVED FROM D96

22 September 1953

FROM: Mr. Roosevelt

1. Hoseyn Kattibi, from whose house General Afshartus was abducted and slain and who is friend of Dr. Baghai, is out of jail and is meeting with retired officers.

2. Kattibi has requested General Akhavi, Deputy Chief of Staff, in Baghai's name, to return certain retired Army officers to active duty.

3. Retired officers say that Baghai is a better bet than Zahedi to get them returned to active duty.

4. When Zahedi was told about the substance of paragraphs 1-3 above, he said that Baghai is with him one hundred percent.

EO 13526 3.3(b) (1)>25Yrs

NOT
TRANSMITTED

APPROVED FOR RELEASE DATE:
06-21-2011

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
DERIVATIVE CL BY
☐ DECL ☐ DOWNGR TO MAINTAIN
REVIEW ON 22 SEP 83
DERIVED FROM 096

~~SECRET~~

23 September 1953

FROM: Mr. Roosevelt

1. Prime Minister Zahedi intends to dismiss Sharif Imami, Chief of the Seven Year Plan Organization, unless Imami gets rid of six officials in his organization who are members of the Iran Party.

2. Imami has organized a new club, Kahun Mohandessine, which includes as members several well-known engineers.

EO 13526 3.3(b)(1)>25Yrs

APPROVED FOR RELEASE:
06-21-2011

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ DOWNGR TO MAINTAIN
REVIEW ON 23 SEP 83
DERIVED FROM D96

167

23 September 1953

FROM: Mr. Roosevelt

1. Prime Minister Zahedi claims to be aware of a political faction which has been formed by individuals of pro-British reputation to work ostensibly for him. The members of this faction are: Kazem Sayah, Serafi (first name unknown), Chief Iranian Insurance Company, Doctors Faroud (first name unknown), Muri Esfandiari, and Massoud Foroughi.

2. This faction operates under direct orders of Seyed Zia-ed-Din Tabatabai who issues his instructions to the faction through Kazem Sayah.

3. On 19 September Kazem Sayah told an intermediary to tell Zahedi to put two ministers in the cabinet for the British. Sayah said that Tabatabai wanted Forouhar and Ali Soheili in the cabinet, the latter as Foreign Minister.

4. Sayah told an official close to Zahedi that the Americans are with the British one hundred percent and that Ambassador Henderson had told Tabatabai that the Americans are one with the British. Sayah tried to use Henderson's alleged statement as a means of getting Bahram Shahrokh in government as Chief of Press and Propaganda section. Shahrokh was urged by Ernest Perron, Sayah, and Foroughi to accept if offered the position. Shahrokh insisted that Zahedi should make him Minister of Propaganda, at the same time making a public statement favorable to British policy.

5. Persons with a pro-British reputation are now close to the Shah. Specifically, Ali Akbar Hakimi (Hakim-el-Molk) and Seyed Zia Tabatabai each lunch separately with the Shah on a frequent basis.

EO 13526 3.3(b)(1)>25Yrs

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APPROVED FOR RELEASE: 06-21-2011

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAR 88
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☐ DECL ☐ DOWNGR TO MAINTAIN
REVW ON 23 SEP 88
DERIVED FROM 196

168

24 September 1953

FROM: Mr. Roosevelt

1. Zahedi intends to issue a press statement linking Tudeh Party, former Prime Minister Mossadeq and others to sabotage of the Iranian Air Force planes on 22 September.
2. Close advisers of Zahedi are urging him to dismiss Chief of Staff Batmangelich immediately because of the sabotage incident.
3. Zahedi wants the Shah to dismiss Deputy Chiefs of Staff, General Akhavi and General Deihimi, but prefers to give Batmangelich one week to rid the Army of undesirable elements.
4. Zahedi desires to retain himself the post of Minister of Interior in order to control election for the next Majlis.
5. Zahedi has sent five messages to the Shah requesting that the Shah order the Military Tribunal to expedite execution of Mossadeq and others. The Shah has not yet complied.
6. Zahedi is meeting with General Hedayat, Minister of National Defense, and Batmangelich at 1400 hours Tehran time on 23 September to issue instructions that the Tudeh and other dangerous elements must be purged from the Armed Forces within one week.

EO 13526 3.3(b)(1)>25Yrs

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APPROVED FOR RELEASE ☐ DATE:
06-21-2011

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
DERIVATIVE CL BY ☐ DECL ☐ DOWNGR TO MAINTAIN
REVW ON 24 SEP 83
DERIVED FROM 076

169

25 September 1953

FROM: Mr. Roosevelt

1. Premier Zahedi does not intend to reconvene present Majlis. Source comments that although the Majlis has four months of legal existence left, too many deputies have resigned to constitute a quorum.
2. Zahedi plans to wait four months and then conduct three month electoral campaign in behalf of his own candidates for the next Majlis.
3. Zahedi does not intend to reconstitute Senate until the new Majlis has been elected.
4. Zahedi plans to retain the Ministry of Interior portfolio for himself.

EO 13526 3.3(b)(1)>25Yrs

CONFIDENTIAL~~SECRET~~**APPROVED FOR RELEASE:**
06-21-2011

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ DOWNGR TO [REDACTED]
REVW ON 25 SEP 83
DERIVED FROM D26

25 September 1953

FROM: Mr. Roosevelt

1. Prime Minister Zahedi has sent five messages to the Shah asking him to press Chief of Staff General Batmangelich to act against the Tudeh Party and prosecute traitors. Zahedi feels that Batmangelich has been stalling.
2. On 16 September Brigadier General Moini, Chief of Air Force, gave Batmangelich a list of 150 Tudeh members in the Air Force. Batmangelich told Moini not to take any further action for time being.
3. General Hedayat, Minister of National Defense, resigned in protest over Batmangelich's attitude (paragraph 2 above) but the Shah, at Zahedi's urging, prevailed on Hedayat to withdraw his resignation.
4. On 23 September Zahedi gave Batmangelich one week to finish preliminary trial work on cases of "traitors".
5. On 23 September General Garzan returned to active duty as Inspector General of Shiraz.
6. Zahedi is afraid that the Shah may decide to keep Batmangelich as Chief of Staff on the grounds that Batmangelich is opposing Zahedi.
7. Minister of Court Ala has asked Hesmatdoleh to tell the Shah that if he trusts Zahedi he should remove Batmangelich. Ala intends to convey personally the same idea to the Shah.

EO 13526
3.3(b) (1) >25Yrs~~SECRET~~APPROVED FOR RELEASE:
06-21-2011CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
DERIVATIVE CL B
☐ DECL ☐ DOWN TO MAINTAIN
REVW ON 26 SEP 82
DERIVED FROM 794

142

25 September 1953

[REDACTED]

FROM: Mr. Roosevelt

[REDACTED]

1. Kazem Sayah and Massoud Forroughi arranged a meeting between the Shah and propagandist Bahram Sharokh.
2. The Shah told Sharokh to go to Zahedi and offer his services to Zahedi.
3. Sharokh said that although he worked for Germany during the last war against the British, and although the British killed his father in Tehran, he believed that the future of Iran required primary ties with Britain. He said that if Zahedi will adopt that line he would work for him.
4. Zahedi has agreed to talk with Sharokh.

EO 13526 3.3(b) (1)>25Yrs

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06-21-2011

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
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REVW ON 25 SEP 89
DERIVED FROM D76

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28 September 1953

TO:

FROM: Mr. Roosevelt

-
1. the Qashqai Khans have stated that:
 - A. They will fight only if attacked.
 - B. They have confidence in Prime Minister Zahedi whom they consider a friend of thirty years' standing. However, they do not trust the Shah (because of past betrayals) and, therefore, must be prepared to protect themselves against him.
 - C. They intend to obey laws, pay taxes, etc.
 - D. They would, if provided with a "face saving" device, swear (and keep) allegiance to the Shah and Zahedi.
 - E. They will not join in any Tudeh plans nor tolerate Tudeh activity in their area.
 2. The Qashqai Khans hope that the Iranian government will consider favorably a proposal that the Shah pardon former Prime Minister Mossadeq and permit him to retire to a village or to leave the country. This would provide the Khans with "face saving" and would release them from their promise to Mossadeq to support him "to the end". If assured of such action on the part of the government, the Qashqai Khans would bow before the Shah and guarantee to support him "one hundred per cent;" to have no further dealings with Mossadeq or his followers; and to leave Iran if the Shah felt that their absence would benefit the country.
 3. If the above proposal is not acceptable to the government, the Qashqai Khans state that they will welcome any other acceptable proposal under which they could bow before the Shah without violating their word to Mossadeq, whom they hold in the greatest respect. Once they considered that their pledge to Mossadeq was fulfilled, they would be ready to assure to the Shah and Zahedi the same degree of loyalty.
 4. In a conference concerning the above proposals, the Qashqais (including the chieftains and the minor leaders of all eighteen Qashqai sub-tribes and one Boir Ahmad unit) stated:

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EO 13526 3.3(b)(1)>25Yrs

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CLASSIFICATION REVIEW EO 12065
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REVW ON 24 SEP 83
DERIVED FROM D96

- A. Previously (except under the Mossadeq government) they had been delegated to the role of second-class citizens and were subject to the "control" of Army groups which had despised and insulted them, molested their women, and stole their goods.
 - B. Under Mossadeq, their welfare had been "considered" and there had been no trouble in the Qashqai area.
 - C. In the past their enemies had saddled them with an unwarranted reputation for double-dealing. The Qashqais had given their word to Mossadeq twenty-eight months ago and considered themselves bound to their promise.
 - D. They had not caused any trouble since Mossadeq's downfall. However, they believe that a "bolt to Zahedi's bandwagon" would cheapen them and would tend to confirm the accusations of their enemies.
5. Nasr Khan, paramount Qashqai chieftain, expressed confidence in the commanding general at the Shiraz Garrison and, in order to relieve local anxiety regarding tribal concentration, stated that the Qashqai groups were on their southward migration in spite of the obvious shortage of forage.

[REDACTED]

A. On 24 September hordes of Qashqai tribesmen and flocks were jamming thirty-mile mountain trails, moving southward toward their winter quarters.

B. The following remark was made by a close friend of the Qashqai Khans: "The wound is fresh now. Give them (the Qashqai Khans) three months and this will heal itself."

[REDACTED]

29 September 1953

[REDACTED]

FROM: Mr. Roosevelt

[REDACTED]

Prime Minister Zahedi plans to send General Hassan Arfa to a diplomatic post abroad if the Shah approves.

EO 13526 3.3(b)(1)>25Yrs

APPROVED FOR RELEASE: 06-21-2011

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CLASSIFICATION REVIEW ED 12063
CONDUCTED ON 20 MAY 81
DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ DOWNGR TO MAINTAIN
REVW ON 29 SEP 83
DERIVED FROM D96

175

[REDACTED]

FROM: Mr. Roosevelt

[REDACTED]

30 September 1953

On 28 September Prime Minister Zahedi expressed the following views [REDACTED]

- A. Zahedi has not yet decided whether to convene the present Majlis whose term end in four months.
- B. Although the Majlis gave former Prime Minister Mossadeq plenary powers, Zahedi states that he did not inherit them. In order to solve the oil question Zahedi needs the Majlis.
- C. If Zahedi were to dissolve the present Majlis he feels that people would say that Mossadeq was right in dissolving the Majlis. On the other hand, new elections would involve much time and trouble.
- D. If Zahedi convenes the present Majlis for four months, he believes that he would encounter very little opposition from the Majlis members. Zahedi states that the twenty-three Majlis members who did not resign are loyal to him. In order to have a quorum in the Majlis, Zahedi would have to hold elections for fifty-seven seats. He believes that the fifty-seven new deputies would support him during the remainder of the legal term of the Majlis since they would want to be re-elected. At the end of the Majlis session, Zahedi feels that he would then be in much stronger position to influence elections for the next Majlis.

EO 13526 3.3(b)(1)>25Yrs

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APPROVED FOR RELEASE: 06-21-2011

CLASSIFICATION REVIEW EO 12063
CONDUCTED ON 20 MAY 81
DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ DOWNGR TO MAINTAIN
REVW ON 30 SEP 83
DERIVED FROM D96

176

30 September 1953

[REDACTED]

FROM: Mr. Roosevelt

[REDACTED]

1. Prime Minister Zahedi intends to ask the newspapers to criticize the government for failure to prosecute Mossadeq and take strong action against the Tudeh Party.
2. Zahedi desires in this way to put pressure on the Shah and Chief of Staff General Patmangelich to take the necessary action.

EO 13526
3.3(b) (1) >25Yrs

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06-21-2011

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CLASSIFICATION REVIEW ED 12065
CONDUCTED ON 30 MAY 84
DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ DOWNGR TO [REDACTED]
REVW ON 30 SEP 84
DERIVED FROM 196

178

2 October 1953

[REDACTED]

FROM: Mr. Roosevelt

[REDACTED]

1. The Shah has decided that former Prime Minister Mossadeq must be tried and condemned to death, but he has not decided whether Mossadeq should then be pardoned by royal decree and immediately banished from Iran or immediately executed.

2. The Shah believes that any delay in disposing of Mossadeq, following the trial, would invite Tudeh (and pro-Mossadeq) counter-attack under a slogan such as "Save Mossadeq's Life".

3. In the event of a Tudeh move (see paragraph 2 above) prior to the sentencing of Mossadeq, the Shah has ordered that Mossadeq be killed immediately by his guards.

4. The Shah is greatly disturbed by a report which he received that the Tudeh will attack within thirty days.

EO 13526 3.3(b) (1) > 25Yrs.

APPROVED FOR RELEASE:
06-21-2011

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAR 01
DERIVATIVE CL BY [REDACTED]
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REVW ON 2 OCT 83
DERIVED FROM D96

~~SECRET~~

2 November 1953

FROM: Mr. Roosevelt

EO 13526 3.3(b)(1)>25Yrs

1. Prime Minister Zahedi opened cabinet meeting on the night of 22 October with a discussion of the speech delivered to the House of Commons by British Foreign Secretary Anthony Eden, in which Eden offered the hand of friendship to Iran and stated that the Iranian government was aware that the United Kingdom desires the establishment of diplomatic relations with Iran prior to oil negotiations. Zahedi expressed concern concerning Eden's words: "Iranian government is aware that the United Kingdom desires, etc." Because Zahedi feels that the Iranian public might interpret them as implying that Zahedi has been carrying on secret diplomacy with the British.

2. After a discussion of this question, the Cabinet decided to make a public announcement extending the hand of friendship to the United Kingdom but avoiding the question of diplomatic recognition. The Cabinet members felt that Iranian public opinion would not support the return of British to Iran prior to the settlement of the oil question; Cabinet members were also opposed to the resumption of diplomatic relations prior to the oil settlement because if oil negotiations were to break down, the British would have won a diplomatic victory, that is, gained diplomatic recognition without having given anything in return.

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06-21-2011

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAR 1991
DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ DOWNGR TO MAINTAIN
REVW ON 2 NOV 89
DERIVED FROM 195

182

9 October 1953

[REDACTED]

FROM: Mr. Roosevelt

[REDACTED]

1. A Soviet Embassy Attache who speaks Persian and claims to be a Moslem, met a representative of Mullah Kashani on the night of 1 October at the home of engineer Gholin (first name unknown), official architect to the Soviet Embassy. The Attache told Kashani's representative that the Shah and the Iranian Army were becoming stronger every day and that, if Kashani wants to maintain his position, he must organize the National Front again.

2. Kashani organized a meeting for the night of 4 October at the home of former deputy, Yusef Moshar. The meeting was attended by Kashani, Moshar, Hoseyn Makhi and Haerizadeh, who agreed to reform the National Front movement.

3. [REDACTED] does not believe that Kashani is being paid by the Soviets. However, Kashani told [REDACTED] on the day after the overthrow of former Prime Minister Mossadeq that Iran must get along with the Soviets and must not provoke them to act against Iran.

4. Kashani hoped to enlist one hundred Mullahs in Iran to preach for him.

5. [REDACTED] believes that Kashani will not support the Zahedi government and will lead the National Movement against Zahedi, thus representing dangerous threat in the oil settlement.

EO 13526 3.3(b)(1)>25Yrs

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APPROVED FOR RELEASE: 06-21-2011

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ DOWNGR TO DISSEMIN
REVW ON 9 OCT 83
DERIVED FROM 07A

9 October 1953

FROM: Mr. Roosevelt

1. On 6 October Prime Minister Zahedi stated that he considered the closing of the Senate by former Prime Minister Mossadeq illegal despite the Shah's firman because the Senate is part of the Iranian organic law.

2. Zahedi has been promised by senators that they will not hold formal session until the Majlis is convened.

3. Zahedi and Hoseyn Makki, pro-Zahedi Majlis Deputy, had violent disagreements over proposed Senate re-opening. Makki threatened to "beat" any senator who attempted to attend a session of the Senate. Zahedi declared that he would order Makki shot if he molested the senators.

4. On 26 September Zahedi gave Mullah Behbehani 10,000 tomans (approximately \$1,200) and again on 3 October 5,000 tomans (approximately \$600).

EO 13526
3.3(b)(1)>25Yrs

APPROVED FOR RELEASE: 06-21-2011

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ DOWNGR TO [REDACTED]
REVW ON 19 OCT 83
DERIVED FROM 1945

187

13 October 1953

[REDACTED]

FROM: Mr. Roosevelt

[REDACTED]

1. On 10 October the Shah gave audience which lasted one and one half hours to General Hedayatollah Guilanshah, who is now very close to Prime Minister Zahedi.

2. The Shah was worried over revival of the National Front and asked if the British were backing it.

3. Guilanshah urged the Shah to remain at Saadabad Palace for two months until the Tudeh threat has been eliminated. The Shah refused.

4. Guilanshah told the Shah that Chief of Staff General Batmangelich and Military Governor of Tehran General Dadsetan have been feuding and that on 9 October Batmangelich had asked Dadsetan to resign. The Shah said that he would summon both of them and order them to cooperate.

4. Guilanshah gave the Shah plan for reducing the Air Force personnel to a level consonant with the amount of equipment on hand and projected. The Shah said that he would study the plan.

EO 13526 3.3(b)(1)>25Yrs.

APPROVED FOR RELEASE: 06-21-2011

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CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 30 MAY 84
DERIVATIVE CL BY [REDACTED]
☐ DECL ☐ DOWNGR TO SECRET
REVW ON 13 OCT 84
DERIVED FROM 176

~~SECRET~~

20 October 1953

[REDACTED]
FROM: Mr. Roosevelt

- [REDACTED]
1. At 1200 hours on 10 October Prime Minister Zahedi visited Mullah Kashani at latter's home. The tone of the meeting was friendly.
 2. Kashani criticized deputies Hoseyn Makki and Dr. Mozaffar Baghai, stating that latter were difficult to work with. Shams Qanatabadi, who was present, concurred with Kashani's statement.
 3. [REDACTED] Zahedi is trying to split revived National Front by wooing Kashani away from other leaders.

EO 13526 3.3(b)(1)>25Yrs.

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06-21-2011~~SECRET~~

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 20 MAY 81
DERIVATIVE CL BY [REDACTED]
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REVW ON 20 OCT 85
DERIVED FROM 196

193

20 October 1953

FROM: Mr. Roosevelt

1. Reported refusal of Nasr Khan Qashqai to come to Tehran to see the Shah and Prime Minister Zahedi has precipitated a decision by the Zahedi government to force the Qashqai leaders to capitulate or flee.
2. Major General Hemat, an old enemy of the Qashqais, has been designated commanding General of Shiraz forces. Hemat is to confer with Zahedi on 17 October.
3. Zahedi intends to reinforce the Shiraz Garrison to a total strength of 40,000. Small groups from four southern divisions are now being moved into Shiraz.
4. Ten thunderbolt planes are ready to fly except for batteries. Approximately thirteen hurricanes are immobilized for lack of propellers. Zahedi sent priority order to the Hawker Company in England for 13 propellers.
5. Zahedi led a discussion on the evening of 14 October among Generals Hedayat, Batmangelich, Guilanshah, Dadsetan, Bakhtiar, Azimi, Akhavi, and Deihimi. Zahedi laid down the strategy while the others listened. Zahedi plans to take the heights surrounding the Qashqai's southern location and to demand capitulation. He does not expect the Qashqais to fight.

EO 13526 3.3(b)(1)>25Yrs

APPROVED FOR RELEASE:
06-21-2011

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CLASSIFICATION REVIEW ED 12065
CONDUCTED ON 30 MAY 81
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☐ DECL ☐ DOWNGR TO UNCLASS
REVW ON 30 OCT 83
DERIVED FROM D98

194

20 October 1953

FROM: Mr. Roosevelt

1. On 12 October the Bazaar Committee, which is continuing to take strong action on behalf of former Prime Minister Mossadeq, urged Pan Iranists to send saboteurs to Isfahan. On 13 October saboteurs were sent to Isfahan. The government ordered the Military Governor of Isfahan to take the necessary steps to arrest the saboteurs.

2. The home of Rabi (first name unknown) at Tehran is a joint meeting place for Bazaar Committee and Pan Iranists.

3. At a meeting on 14 October the Bazaar Committee:

A. Asked Pan Iranists why their punishment committee had not yet killed Khadem (first name unknown), leader of pro-Zahedi club in the Bazaar.

B. Proposed to Pan Iranists demonstration at Tehran on 15 and 16 October during the absence of the Shah and Zahedi, but withdrew the proposal when told that special security precautions were being taken by the government at Tehran on those days.

4. The Bazaar Committee and Pan Iranists plan to kill General Azmudeh, Army Judge Advocate General, and Blyuk Sabehr, who are working closely with Zahedi.

5. The Bazaar Committee is now publishing a newspaper called "Revenge". During the night of 14-15 October 10,000 copies were printed and 3,000 of them distributed.

6. The Bazaar Committee succeeded in persuading Dr. Hassan Ayatollah Imami, the Imam Jume, to attempt to secure release of Shamshiri, recently arrested Bazaar merchant who paid medical expenses of Imami when latter was seriously knifed. Imami called on the Shah who referred Imami to Zahedi. Zahedi flatly refused to release Shamshiri.

7. The Bazaar Committee offered General Dadsetan, Tehran Military Governor, 50,000 tomans if he would release Shamshiri. Dadsetan refused.

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EO 13526 3.3(b)(1)>25Yrs

APPROVED FOR RELEASE: 06-21-2011

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 30 MAR 81
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REVW ON 20 OCT 83
DERIVED FROM D95

8. On 14 October the Bazaar Committee approached Mullah Kashani with the proposal that he cooperate with the Bazaar Committee. Kashani replied that he had always worked with top Bazaar leaders but that the latter had abandoned him. Kashani added that he is now willing to work against Zahedi with top Bazaar men but not with "little men".

9. On 13 October General Dadsetan addressed approximately 90 former members of the "Bazaar Club", which was headed by Nikhpur (first name unknown) until the club was dissolved by Mossadeq. (Source states that Club formerly had semi-official status with branches within each industry in the Bazaar). The group told Dadsetan that it wanted to oppose the Bazaar Committee but could not do so unless Zahedi permitted reopening of the club. Members of the group also told Dadsetan that they would like Zahedi to establish a new department in Cabinet which would deal exclusively with commercial affairs. Dadsetan agreed to discuss these matters with Zahedi.

10. On 14 October Dadsetan spoke to two hundred small shopkeepers, "The Bazaar merchants of second rank", whose leader is Khadem (first name unknown). The latter is bitter opponent of the Pan Iranists. Dadsetan asked the group to work for the government and country. The group agreed and asked only for peace and quiet in which to do business.

11. Dadsetan is working closely with the following important Bazaar leaders on behalf of Zahedi: Nikhpur (first name unknown); Kuroz (first name unknown); Khosrow Shahi; Mohammad Reza Kharazi; Nemazi (first name unknown); a relative of Mohammad Nemazi, residing in Washington, D.C.

~~SECRET~~

195

20 October 1953

FROM: Mr. Roosevelt

1. A coalition of forces opposing Zahedi's government hopes to take the following action on 25-26 October: the Bazaar Committee is to close the Bazaar and thus force the government to take steps against those Bazaar merchants not obeying the government order that the Bazaar is to be kept open.

2. A Bazaar merchant who is a friend of the Zahedi government is urging Prime Minister Zahedi not to oppose closing of the Bazaar. If the government tries to keep the Bazaar open, the government will be blamed for any violence that occurs. Moreover, if the government does not oppose the closing of the Bazaar, the majority of Bazaar merchants will consider the closing of the Bazaar a useless gesture and will blame the Tudeh Party and Bazaar Committee. If the government keeps out of Bazaar matters, resentment will gradually build up against the Tudeh Party and Bazaar Committee.

EO 13526 3.3(b)(1)>25Yrs

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CLASSIFICATION REVIEW EO 12065

CONDUCTED ON 80 MAR 81

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REVW ON 80 OCT 83

DERIVED FROM D96

196

~~SECRET~~

20 October 1953

FROM: Mr. Roosevelt

1. Prime Minister Zahedi is "furious" with Chief of Staff General Batmangelich and Deputy Chief of Staff Deihimi because he feels that the latter are delaying prosecution of traitors in order to discredit the Zahedi government.

2. When Zahedi learned on 12 October that three sailor-saboteurs on the warship Babr had not been executed upon capture by the Army, Zahedi sent his son, Ardeshir Zahedi, to the Shah to demand that the Shah dismiss Batmangelich and Deihimi or accept the resignation of Zahedi.

3. Ardeshir relayed to the Shah Zahedi's demand for dismissal of Batmangelich and Deihimi but did not mention Zahedi's threat to resign. The Shah was noncommittal, stating that Batmangelich was doing a good job.

EO 13526
3.3(b)(1)>25Yrs

APPROVED FOR RELEASE:
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197

22 October 1953

FROM: Mr. Roosevelt

1. Dr. Mozaffar Baghai, head of the Toilers Party, stated on 16 October that he was very dissatisfied with the Zahedi government because of:

A. Razmara Cabinet hangovers - Dr. Jehanshah Saleh, Ali Asghar Hekmat, Abdollah Hedayat, Sharif Emami (now out).

B. Release by government of high Tudeh leaders like Ahmad Lankarani, Daud Noruzi, and Mahmud Hormuz, and arrest of many innocent "little people".

C. Opening of the Senate.

2. Baghai charged that Military Government officers were accepting bribes for the release of Tudeh leaders. "If this continues", Baghai said, "we are not going to be able to continue to support Zahedi".

3. Baghai said that he believed that Iran had never profited from oil and could live on "oilless economy". He said that he would support "an honorable settlement based on nine points of nationalization law". Baghai said that he had appointed a commission to study the oil question and plans to print their report in his newspaper Shahed.

4. Baghai said that Mossadeq used the oil question to silence his opponents and hopes that Zahedi would not do the same. He said that Zahedi could force an oil settlement on the people but that, if Zahedi did so, the people would repudiate the agreement.

5. Baghai is seriously thinking of an open break with Zahedi and said that, if the government continued its mistakes, the country would be ruined.

EO 13526
3.3(b)(1) > 25Yrs

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APPROVED FOR RELEASE: 06-21-2011

CLASSIFICATION REVIEW EO 12065
CONDUCTED ON 30 MAY 61
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REVW ON 22 OCT 99
DERIVED FROM 796

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THE BATTLE FOR IRAN

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CONDUCTED ON 30 MAY 81
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FOREWORD

This account of the role of the Central Intelligence Agency in the political action operation that altered the course of history in Iran was written with the enthusiastic cooperation of the Near East Division, Directorate of Operations. It is based on files remaining in the Division (although the great bulk of the correspondence and traffic dealing with the operation was destroyed in 1962), on the draft history written in 1954 by Dr. [REDACTED], on personal interviews with a number of active and retired Agency officers who participated in the action, on Central Reference Service personality files, and on a variety of open sources. Unless otherwise noted, major documentary sources were NE Division files.

[REDACTED]
CIA History Staff

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THE BATTLE FOR IRAN

I. INTRODUCTION

Iran in late 1952 was sliding toward economic and political chaos. Its young ruler, Mohammad Reza Shah, was indecisive and vacillating in the face of the crisis created by his fanatically nationalistic Premier, the 72-year-old Mohammad Mosadeq.¹ His country was involved in a bitter dispute with Great Britain over the oil concession that the British had since 1901 built into a lucrative industry. Iran's nationalists, personified by Mosadeq, had paralyzed this industry rather than allow foreigners to continue to direct its operations and benefit from their natural resources. With the dispute at an impasse and with Mosadeq ruling by decree, the country seemed headed for an economic collapse and political anarchy whose final outcome could well have been the establishment of a Soviet satellite in the Middle East. How the diplomatic and intelligence services of the United States worked with Iranians loyal to the Shah to prevent the loss of Iran is the subject of this history. Understanding of how and why this action was taken will be clarified by an initial review of historical events and of Iran's people, economy, and politics.

II. IRAN, ANCIENT AND MODERN

A. The Nation

1. Imperial Past

The first Persian² empire, that of the Achaemenid dynasty, was founded by Cyrus the Great in the Sixth Century B.C. through conquest

¹ See Appendix B for a brief biography of Mosadeq.

² Persia was derived through Greek from Persis, the name the Greeks used for Parsa, the tribe and province of the Achaemenids. In 1935 Reza Shah insisted that foreigners use Iran, the native usage which means "Land of the Aryans," rather ~~SECRET~~.

of the Medes and other kingdoms of the region now generally known as the Middle East. Cyrus' grandson, Darius, further extended the empire, which he divided into 20 satraps or provinces connected by a network of imperial roads. The Achaemenid empire endured for almost 200 years, until it was destroyed by Alexander the Great of Macedonia. The Greeks were soon succeeded by the Parthian dynasty, which in turn was followed by the Sassanids, who ruled for 400 years from the third to the seventh centuries A.D. and who restored the glory of ancient Persia. In 651, however, the Arab invasion swept across Persia, which for the next nine centuries was ruled by a succession of foreign conquerors. A native Persian dynasty rose again at the beginning of the 16th century when the Safavids came to power; their rule lasted over 200 years and reached its peak under Shah Abbas from 1587 to 1620. Invading Afghans overthrew the Savavids in 1722 and were in turn driven out by Nadir Shah, a Turkic-speaking tribesman who launched a campaign of conquest that included invasions of India and the Caucasus. The succeeding dynasty, that of the Qajars, last^{ed} until the early 1920's when Reza Khan³, a colonel in the Iranian army's Cossack Division, seized power in a military coup. He became Shah in 1925, deposing the Qajars and founding the Pahlavi dynasty. When Iran was occupied in 1941 by British and Soviet troops in order to guarantee the Allied supply route to the embattled Russians,^{Reza Shah} abdicated and was succeeded by his son, Mohammad Reza Pahlavi, the present Shah.

2. The people

Of Iran's population in 1952 of under 18 million, more than 70% were ethnic Iranians of Indo-European stock; Persians made up

³ See Appendix B for biographic details on Reza Shah.

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50% of the total. The other ethnic Iranians included Kurdish, Gilani, Mazandarani, Lur, Bakhtiari, and Baluchi tribesmen, many of whom were nomadic or seminomadic peoples. Another 22% or so of the population were Turkic peoples, primarily the Azarbaijani of the northwestern provinces but also including the Turkoman and Qashqai tribal groups. Arabs made up about 5% of the population, and the remainder were non-Muslims, including Armenians, Assyrians, and Jews. Persian (or Farsi, as it is known in Iran) was the official language, spoken by most ethnic Iranians, although Turkic and Arabic dialects were also in use.

Almost all Iranians are Shia Muslims, in contrast to the Sunnis who predominate in the Muslim world. Shiites believe that the true succession to the leadership of Islam continued through the line of 'Ali (Mohammad's son-in-law) in the series of the 12 Imams, in contrast to the Sunnis who insist that the Caliphs succeeding Mohammad were selected by the consensus of the Muslim community. Although there is no organized Shia hierarchy, certain titles distinguish special members of the religious community. A cleric of limited theological training is a "mullah," while one who has studied at a higher institution is a "mujtahid" and qualified to adjudicate questions of religious conduct. The most important Iranian religious leaders have borne the honorary title of "Ayatollah," and the leader at the Shrine at the city of Qom may issue decrees which have the force of law to the faithful. A descendant of Mohammad may use the title "Sayyid" as part of his name, but he is not necessarily a religious figure.

The social structure in the early 1950's included an elite composed of the Shah, his court, and the 200 or more ruling families whose wealth

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derived from agricultural landholdings. Below the elite was the upper middle class that included government officials, professional men, importers, bankers, and merchants. The urban middle class consisted mainly of small merchants, craftsmen, lower level clergy, and teachers and as a group had not benefited greatly from the economic development and educational opportunities of the previous two decades. The day laborers, street vendors, and service workers were at the bottom of the urban class structure. Most of the country's people were working in the 1950 era as tenants, bound to their landlords by an almost feudal system. Outside the Iranian social structure were the tribes, whose social system in times of peace impeded the progress and modernization of Iran and was a source of weakness. In times of stress, however, the tribes were a source of strength;

in the 1941-45 period, they remained relatively untouched by the general collapse, but while retaining some internal stability, the tribes nonetheless contributed to national confusion and disorder through their clannish narrow-mindedness, tribal rather than national loyalties, and readiness to resort to violence.

As a people, Iranians have been described⁴ as having an intense national pride that has resulted from a fairly homogeneous stock and a 2,500-year history. In spite of this pride in the achievements of past dynasties and the high level of intelligence among those who have had the means to develop their potentials, the national movement of the 1950's accomplished little.

⁴ John Marlow in Iran: A Short Political Guide, Frederick A. Praeger; New York; 1963.

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Among the reasons accounting for

this are the fact that nationalistic feelings and native intelligence are often accompanied by an individualism that inhibits cooperation, by a cynicism that despises enthusiasm, by an impatience that derides calculation, and by a volubility that abhors discretion. Their nationalism thus has lacked an air of common purpose, of willingness to sacrifice, of the dedication that has given impetus to the national movements of other, less well-endowed peoples.

3. The economy

In 1950 Iran was still basically an agricultural nation with a backward economy.

Farming, stock raising, forestry, and fisheries probably accounted for half the gross national product; wheat was the major crop, followed by barley, rice, cotton, and tobacco. Manufacturing was growing in importance, with textiles--cotton and wool--leading the cement, match, and glass industries, although food processing was still the most important non-oil activity.

Oil, of course, prior to 1951 when the effects of the dispute with the British were severely felt, was contributing about a third of budgetary revenue and nearly two-thirds of foreign exchange. Oil revenues started to climb when the war ended, going from \$7.13 million in 1946 to → £16.03 million in 1950; by 1952, they were only \$8.3 million. In 1950, 31,217,000 metric tons of oil were exported, but this fell to 9,158,000 metric tons in 1951 and to a pitiful 14,000 metric tons in 1952 when the British left.

4. Politics and government

Until the early years of the 20th century, Persia had either been an absolute monarchy or had been under the rule of foreign invaders. In July 1906, however, popular resentment against the excesses of Muzaffir ad-Din, a Shah of the Qajar dynasty whose excursions to Europe were nearly bankrupting his country's treasury, grew so strong that widespread demonstrations and riots forced him to proclaim a constitution. This relatively liberal document, supplemented^{ed} in 1907 and amended in 1925, 1949, and 1957, provided for a government of three branches. The power of the executive was vested in the cabinet and in government officials acting in the Shah's name. The judiciary was composed of a hierarchy of civil courts up through the Supreme Court, while the legislative branch comprised the parliament, or Majlis, of 136 members, elected by the people every 2 years, and, after 1949,¹ the smaller Senate, half of whose members were appointed by the Shah and half elected.

Whatever power remained in the hands of the Qajar Shah vanished soon after World War I, in which Iran had maintained a slightly pro-German neutrality that was violated by ^{the forces of} Turkey, Russia, and Britain. In February 1921, a young reformist politician, Seyyid Zia ed-Din Tabatabai, and Col. Reza Khan, commander of the Iranian Cossack Division⁵, combined to overthrow the government. Zia ed-Din became Premier and Reza Khan commander-in-chief of the army, but the two soon quarreled, and Zia ed-Din fled into exile in May 1921. Reza Khan remained

⁵ The Cossack Division, at that time the only well-organized and effective unit in the army, came into being as a result of Nasr ed-Din Shah's visit to Russia in 1878. The Shah admired his Cossack escort and asked the Czar to send him Russian officers to organize a Cossack cavalry regiment in the Iranian army. It grew to a brigade and then a division, and its White Russian officers and noncoms were retained until October 1920, when Reza Khan replaced Col. Starrosselsky as commander and other Iranians took over for the remaining Russians. ~~SECRET~~

in power as Minister of War, devoting himself to the reorganization of the army. Unifying the heterogeneous military units into a closely knit, centrally controlled army, he employed it to ^{expel the Bolsheviks,} pacify Azarbaijan, and quell the rebellious tribes. Reza Khan took over as Premier in 1923, and two years later he became Shah.

The two focal points of Reza Shah's dictatorial rule were nationalism and modernization, and in this he greatly resembled Kemal Ataturk in Turkey, although his methods and goals were less radical. He improved the status of women and checked the power of the Shia clergy, but he stopped short of Ataturk's romanization of the national language--Farsi retained its Arabic script. As a nationalist, he was suspicious and guarded toward the Soviet Union and challenging toward the British, particularly as to the oil concession, which he felt did not sufficiently benefit Iran. He brought in first American and then German economic advisers to reorganize the country's finances and to serve as a counterweight to Soviet and British influence.

Reza Shah's dictatorial rule ended with the occupation of his country by the Soviets and the British in August 1941--an episode that will be discussed below--and a month later he abdicated in favor of his son, Mohammad Reza Pahlavi,⁶ who was proclaimed Shah by the Majlis. He left Iran at once and eventually died in exile in South Africa in 1944. The Iranian government he left behind faced a difficult period, with a Russian occupation in the north and a British one in the south. Tehran remained a neutral zone, but the Allies controlled the transportation

⁶ His biography appears in Appendix B.

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system, and wartime shortages of food and consumer goods led to a crippling inflation.

Suddenly brought to power in an occupied country, the young Shah, who had been ^{partially} educated in Europe and who was believed to favor constitutional government, was unable _____ to provide strong leadership to his government. As a result the power of the Majlis increased, a large number of transitory political parties and partisan newspapers were started, the tribes again became defiant, the clergy became stronger, and the Communists--banned as a party in the 1920's--returned in the guise of the Tudeh Party. Tudeh, headed by leftists and former Communist Party members, received funds and direction from Moscow and recruited both members and sympathizers throughout Iran during the war years and until its overt apparatus was crushed in 1954.

Little more than a department of Reza Shah's government in the 1920's and 1930's, the Majlis emerged from the years of occupation as a revitalized if irresponsible political force. It insisted on confirming the appointment of the U.S. financial advisory mission in 1942, it imposed limits on the government's right to negotiate oil concessions, and it took on the selection of a new Premier as its privilege--although the Shah retained the right to approve or disapprove the choice. In its dealings with Premiers or Shahs, the Majlis had a powerful weapon--the quorum veto. The constitution stated that the Majlis could only be considered convened when two-thirds of its 136 deputies had reached Tehran, and half of those present in the capital constituted a quorum. Thus, if 91 deputies were in Tehran, the absence of 46 of them could keep the assembly from functioning.

Political parties in the Western sense had never been strong in Iran, and during the war years their number had multiplied. Only the Tudeh was

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an effective political organization, and it was included among the "minority" parties, as opposed to the "majority" grouping that tended to vote together on key national issues. In general, political forces in postwar Iran had sorted themselves out into left, right, and center groups. Tudeh and its sympathizers were on the left. The right was more heterogeneous and included Dr. Mohammad Mosadeq's National Front,⁷ the fanatical religious organizations Fedayan Islam and Mojahadin Islam,⁸ the several small fascist parties, most Tehran University students and professors, and many small merchants and businessmen. The center was moderate and inclined to be more pro-Western; it included the Shah, most army officers, the Democratic Party, and the wealthy merchants and landowners who favored the status quo. Aided by landowner control over the peasant vote, center candidates usually won the majority of Majlis seats, but in the late 1940's and early 1950's, the nationalistic policies of the right regularly won the voting support of the left and center.

B. Between Russia and the West

1. Aggression from the North

Iran lost wars and territory to Czarist Russia in 1813 and again in 1928 and has lived in varying degrees of dread of its northern neighbor ever since. Great Britain was the counterbalance to Russian power--the British goal was to keep Iran as a buffer between Russia and

⁷ For example, in the 16th Majlis, elected in 1950, the National Front was composed of Mosadeq and eight followers who nonetheless were usually able to carry a majority of deputies with them on key votes.

⁸ Fedayan Islam, numbering at most a few hundred members, carried out terrorist acts in support of its goal of reestablishing Islamic law and practice to a dominant place in Iran. Mojahadin Islam was more political; its religious spearhead in the Majlis included mullah Ayatollah Kashani and Shams Qanatabadi, two influential, politically oriented religious leaders.

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India--until 1907, when Britain and Russia signed an agreement to divide Iran into zones of influence. The British purpose was to secure Russia as an ally in Europe against the growing power of Imperial Germany, and the result was that northern and central Iran as far south as Isfahan was open to Russian economic and political influence. The British zone was southeastern Iran adjacent to Indian Baluchistan until 1915, when in return for rights to the oil-rich southwestern zone the British recognized Russian claims to control of the Turkish Straits.

During World War I, Iranian neutrality was violated by the Turks, the Russians, and the British; the Russians entered northern Iran to counter Turkish advances through Iran toward the Caucasus, while the British sent in troops and organized Iranians into the British-officered South Persian Rifles to counter German attempts at subversion among the tribes and sabotage of the oil pipeline. The Russian military collapse in 1917 left a vacuum in northern Iran and the Caucasus that the Bolsheviks, Turks, Germans, and British attempted to fill. Britain's anti-Bolshevik intervention in Russia and Iran ended in 1919, but a treaty was concluded with Iran in August 1919 that would have made Iran a virtual British protectorate. This treaty was never ratified by the Majlis, however, and when Reza Khan and Seyyid Zia ed-Din seized power in 1921, Iran formally repudiated it.

From the start, Soviet Russia's official policy toward Iran was friendly. In a January 1918 note, the Soviets renounced all Czarist privileges contrary to the sovereignty of Iran and promised to aid the Iranians in expelling British and Turkish occupying forces. Their note

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also declared that the 1907 treaty with Britain was no longer binding.

In an additional note of 26 June 1919, the Russians annulled all Iranian debts, renounced all Russian concessions in Iran--including the Russian Discount Bank and all railroads, harbors, and highways built by them--and declared the capitulations (privileges and exemptions guaranteed to Russian citizens in Iran) null and void. The Soviet-Iranian Treaty of Friendship of February 1921 formalized the provisions of the 1919 note, renounced any interference in one another's internal affairs, gave Iran the right to maintain naval forces in the Caspian Sea, and permitted Russia to send troops into Iran if it should become a base for a third-country threat to the Soviet Union. (This final provision, which originally applied to White Russian forces, was subject to Soviet interpretation of what constituted a threat and was a significant factor in restraining forceful British response to the Iranian takeover of the oil industry in 1951.)

Iranian relations with the Soviets in the 1920's concentrated on trade, which built up significantly until 1926, when a sudden and strict embargo was placed on Iranian agricultural products, mainly from the northern provinces. The embargo forced Iran to conclude a commercial treaty with the Russians that introduced barter transactions and gave the Soviets exclusive marketing privileges in Iran. This had several results: The Soviet share of Iranian foreign trade rose from 23% in 1926-27 to over 38% in 1928-29; Iranian industrial development was deliberately discouraged by the artificially low prices the Soviets put on competitive manufactured goods; and, Iran began to turn toward Germany as a foreign trade partner.

Germany, in addition to increasing its purchases of Iranian products, also became involved in the construction of the Trans-Iranian Railway, one

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of Reza Shah's most important accomplishments. Germans ran Iran's internal airlines in the late 1920's and the 1930's, supplied railway rolling stock and motor vehicles, and aided industrialization in Iran by setting up foundries, coal mining equipment, a cement factory, textile and paper mills, and a machinegun factory. A German financial adviser replaced the American Dr. Arthur Millspaugh in 1927, and the Germans and Iranians signed a trade treaty in 1928 and a treaty of friendship in 1929. As a result, Germany's share of Iran's foreign trade rose from 8% in 1932-33 to 45.5% in 1940-41, and by August 1941 the number of German advisers, technicians, and businessmen in Iran reached 2,000.

The nature and extent of this German penetration into Iran became very significant when German armed forces invaded Russia in 1941 and rapidly moved deeply into the Soviet Union. Iran was the shortest and most feasible route for badly needed war materials to be sent to Russia by its new allies in the West. Further, the possibility of a German takeover in Iran was a risk the Russians could not allow. On 19 July and 16 August 1941 the British and Soviet diplomatic missions in Tehran presented notes demanding the expulsion of the Germans in Iran, but Iran insisted it was neutral and that no danger existed. On 25 August, the final Allied demands were presented and the invasion began; the Soviets entered Iran from the north in three columns, the British from the south in two. Iranian armed resistance was negligible except for a sharp fight in Khuzistan that cost 55 British casualties. The Ali Mansur cabinet resigned on 27 August, and the official surrender took place the next day.

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Under its terms, the Soviets were to occupy the five northern provinces and the British the southern provinces, leaving central Iran and the capital to the Iranians; all Germans were to be expelled or turned over to the Allies; Iran was to facilitate the transport of Allied supplies. Reza Shah's position was made untenable by the poor performance of his army and by the subsequent hostile Allied propaganda campaign, and he abdicated in favor of his 22-year-old son on 16 September 1941. Although most Germans were interned or sent back to Germany, a number of key agents escaped and sought to stir up the tribes to sabotage and rebellion; Maj. Julius Schulze^{-Holthaus} worked among the Qashqai, and Franz Mayr^e tried to stir up the Kurds and sabotage the railroads. A number of prominent Iranians were found to be listed among Mayr^e's actual or potential agents, and many of them--including Maj. Gen. Fazlollah Zahedi, who in 1953 became the leading Iranian military man in the coup that ousted Mosadeq and who succeeded him as Premier --were arrested and sent to detention camps in Palestine.

The de facto situation of the occupation was confirmed by the Tripartite Treaty of Alliance signed by the Soviet Union, Britain, and Iran on 29 June 1942. In this treaty, the Allies promised to withdraw their forces from Iran not later than six months after hostilities with Germany and its associates had ceased. Although the Iranians feared Russia and disliked the British presence and methods employed in seizing and running the transport system, they declared war on Germany in September 1943; presumably to ensure being on the winning side. When Roosevelt, Churchill, and Stalin met in Tehran in November 1943 (without ever officially consulting or advising the Iranian government), they signed the Declaration on Iran, which recognized Iranian assistance to the war effort, promised economic aid, and reaffirmed Iran's independence, sovereignty, and territorial integrity.

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Nonetheless, when the war ended in 1945, there were difficulties with the Soviets. In late 1944, they attempted to get Iranian approval for their exploitation of oil in Semnan in the Soviet zone. The furor over Iran's rejection of this offer, which was backed up by U.S. Ambassador Leland Morris' statement that the U.S. Government recognized the sovereign right of Iran to refuse to grant oil concessions, led to the resignation of Premier Sa'ed. With the new Premier under heavy Soviet pressure, Mohammad Mosadeq introduced a bill into the Majlis making it a crime for any cabinet minister to enter into negotiations with or to grant oil concessions to foreigners without the approval of the Majlis. The bill was passed on 2 December 1944.

Frustrated in their attempts to obtain a solid claim to oil in northern Iran, the Soviets became reluctant to leave Azarbaijan. On 29 November 1945, the United States proposed that all Allied troops be evacuated by 1 January 1946, but the Soviets insisted on the March 1946 date previously agreed to by the British. On 12 December, the "Autonomous Republic of Azarbaijan" was proclaimed, a national assembly elected, and Ja'afar Pishevari, a veteran Comintern agent, was named Premier. At the same time a Kurdish uprising took place in western Azarbaijan, and a Kurdish People's Republic ^{was} proclaimed with Qazi Mohammad as president; it promptly allied itself with the "Autonomous Republic."

On 22 January 1946, the Shah asked Qavam as-Saltaneh to form a new government. After dismissing General Arfa, who had pro-British tendencies as Chief of Staff, Qavam went to Moscow in February to negotiate with the Russians. The Soviets proposed that their troops remain indefinitely in parts of Iran, that Iran recognize the internal autonomy of Azarbaijan (whose premier would also be designated governor-

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general), and that rather than a Soviet oil concession a joint Iranian-Russian stock company be set up, with 51% of the shares to be owned by Russia, 49% by Iran. Qavam rejected these demands and returned to Tehran, where he faced a political crisis. The 14th Majlis was due to end its two-year term on 11 March 1946, and it had voted that no elections for the next Majlis could be held while foreign troops were still in the country (U.S. forces ^{had} left Iran 1 January, the British on 2 March). The deputies' attempts to meet and vote to extend their terms were frustrated by Tudeh demonstrators, who until after 11 March physically prevented a quorum from gathering. Qavam was thus left to rule the country ^{alone} until the 15th Majlis could be elected.

Iran then brought the matter of the continuing Soviet occupation before the new United Nations Security Council, and under U.N. and U.S. pressure, the Soviets on 4 April 1946 concluded an agreement with Iran that called for evacuation of all Soviet troops within a month and a half after 24 March 1946, the establishment of a joint stock oil company which would be approved by the Majlis within 7 months after 24 March, and arrangements for improvement of relations between the Iranian government and the people of Azarbaijan.

Accordingly, Qavam worked out an agreement with Pishavari that would have conceded most Communist demands while leaving Azarbaijan under the nominal authority of Tehran. The Soviets appeared to be gaining influence in Iran, an impression that was reinforced when on 2 August 1946 Qavam brought three Tudeh Party members and a Tudeh sympathizer into his "popular front" cabinet. In the meantime, Tudeh had provoked an oil

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workers' strike in Khuzistan that involved 100,000 workers in
 violence and sabotage.

The inclusion of ^{the} Tudeh in the Qavam government brought
 British reaction. British troops were moved from India to Iraq, with the stated purpose of securing supplies of Iranian oil that Britain needed. Then, with encouragement from British consular and military advisers in their region, a coalition of Qashqai, Bakhtiari, and other tribesmen was formed which in a demonstration of force besieged Bushire, Abadeh, Kazerun, Bandar Amir, and besieged Shiraz. A league of tribesmen, led by General Zahedi, then commanding the garrison in which the government recognized the tribes' demands. On 17 November Qavam resigned and took office again, and the new cabinet had not include the Tudehites; on 24 November Qavam ordered the Azarbaijan to supervise the elections for the 15th Majlis. Given the chance to redeem itself for the failure in 1941, the army responded enthusiastically. There was little resistance from the lightly armed Azarbaijan forces, and on 14 December the "autonomous" government collapsed. The army also captured the Kurdish stronghold of Mahabad, executing the leaders of that rebellion. In Tehran, Tudeh headquarters were raided, and the way was opened for the elections to begin on 1 January 1947. In the face of Soviet pressure on the Iranian government, the U.S. Ambassador, George V. Allen, in a speech on 11 September 1946, through the Irano-American Cultural Relations Society, made it clear that before the war Iran was

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free to accept or reject the Soviet offer, and that in any case Iran would be supported by the United States against Soviet threats or pressure.

Citing American policy aimed at removing the fear of aggression anywhere in the world, Allen said:

The United States is firm in its conviction that any proposals made by one sovereign government to another should not be accompanied by threats or intimidation. When such methods are used in an effort to obtain acceptance doubt is cast on the value of the proposals.

Our determination to follow this policy as regards Iran is as strong as anywhere else in the world. This purpose can be achieved to the extent that the Iranian people show a determination to defend their own sovereignty. Patriotic Iranians, when considering matters affecting their national interest, may therefore rest assured that the American people will support fully their freedom to make their own choice.

Iran's resources belong to Iran. Iran can give them away free of charge or refuse to dispose of them at any price if it so desires.⁹

Thus convinced of U.S. support, on 22 October 1947 the Majlis rejected the Soviet oil agreement by a vote of 102 to 2 and instead passed a bill that forbade further oil concessions to foreign governments or partners and called for negotiations with the Anglo-Iranian Oil Company for a greater share of the profits. This measure was to have far-reaching effects on Iran's relations with Great Britain and the United States.

2. The Oil Dispute, 1949-53

The involvement of Great Britain in Iranian oil went back to the original D'Arcy concession of 1901, the first of a series of grants that were renegotiated at various times to keep up with the growth of the oil industry and world demand for oil. The Anglo-Persian Oil Company was founded in 1909, but it took on a new complexion in 1914 when the British government became the major shareholder. The reason for this

⁹ The New York Times, 12 September 1947

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official investment was obvious; Winston Churchill became First Lord of the Admiralty in 1911 and forced the decision, which had been debated for nearly a decade, to convert the Royal Navy from burning coal to burning oil. On the brink of a major war, the navy had to be assured of a source of oil, which was both efficient and cheap. ^{The} Anglo-Persian (Anglo-Iranian, after 1935) Oil Company,

continued to extract oil under its original concession for the next 30 or so years, building pipelines as well as a large refinery at Abadan. The concession was renegotiated in 1933 to give Iran a greater share of the net profits and to modify the concession area. Managers and technicians continued to be either British or Indian, with the Iranians providing unskilled or semiskilled labor.

Following the passage of the Majlis legislation of 1947 rejecting the Soviet oil concession, the Iranian government presented to Anglo-Iranian a list of 25 points to be discussed. Chief among these were British taxation on Iran's share of company profits, Iran's rights to the company's installations at the end of the concession in 1993, a reduction in the number of British employees, the royalty basis--that is, the price to be paid to Iran for each barrel extracted and sold through AIOC's marketing and transporting system, and Iranian tax and custom exemptions. After lengthy discussions, the so-called "Supplemental Agreement" raising the royalty payment from 4 to 6 shillings a ton and giving Iran 20% of distributed profits and general reserve was sent to the Majlis on 19 July 1949.

Debate began shortly thereafter, but the term of the 15th Majlis ended before a vote on ratification could be taken. Elections for the 16th Majlis were finally completed in March 1950, and Mosadeq and his eight National Front colleagues led the balloting in Tehran. Ali Mansur

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was named Premier, and the proposed Supplemental Agreement was turned over to the Majlis Special Oil Commission for study in June 1950, the same month in which Gen. Ali Razmara, a former Chief of Staff, became Premier. The commission's report to the Majlis stated that the agreement did not adequately secure Iran's rights and should not be ratified. Razmara's Minister of Finance then withdrew the agreement and reopened negotiations with the AIOC, which by February 1951 was willing to agree to a 50-50 profit sharing similar to the agreement that Aramco had worked out with Saudi Arabia. Razmara, however, had asked a group of experts to study the feasibility of nationalization of the oil industry; their view was that Iran lacked sufficient technical expertise to run the industry, that the concession could not legally be cancelled, that heavy compensation would be due Britain, and that both foreign exchange and prestige would be lost by hasty nationalization. When Razmara opposed immediate nationalization as impractical under the circumstances, he was assassinated on 7 March 1951 by a member of Fedayan Islam, the rightist religious - terrorist group. Hosein Ala briefly succeeded Razmara as Premier, and the Majlis approved the principle of nationalizing oil. When Ala resigned in April, the Majlis voted to recommend Mosadeq to the Shah as Premier, and he was appointed to the post on 29 April. Acting swiftly, the Majlis approved on 1 May a nine-point nationalization law. This act began a summer of hectic but fruitless bargaining that culminated in impasse and the departure in October 1951 of British managers and technicians.

Because the true issue in the dispute was political, in that the Iranians had come to identify oil with their own resurgent nationalism, the two governments were never able to understand

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one another's position. The British, attempting to deal with a political problem in economic terms, believed that the Iranians had to sell their oil or go broke and that the best approach was to wait them out, at first for workable terms and later--after nationalization--for adequate compensation. The Iranians, assuming that the West could not do without their oil, were convinced that by hiring non-British technicians and leasing tankers they could operate the oil industry on their own. To the British, the Iranians seemed irrational and wasteful; to the Iranians, the British appeared overconfident and condescending. As a result, their negotiations were so unproductive and mutually frustrating that the British even considered military intervention to seize Abadan, although the strong possibility that the Soviet Union would invoke its 1921 treaty with Iran to oppose such a British move served as an effective deterrent. The legalistic approach of the British government, which as the major stockholder in the AIOC regarded the oil concession as a treaty or, at the very least, an agreement between nations, was to take the matter first before the International Court of Justice and then to the Security Council of the United Nations. In the end, the Security Council deferred to the decision of the ICJ as to its own jurisdiction, and when in June 1952 the court ruled that the concession was not a treaty and hence not a proper matter for it to consider, all legal approaches were exhausted. The dispute was at an impasse, and by October 1952 diplomatic relations between the two countries were broken off.¹⁰

3. Iran and U.S. Foreign Policy

United States foreign policy under President Harry Truman has

¹⁰ A more detailed but still necessarily brief description of the oil dispute is included as Appendix B to this history.

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been generally characterized as the "containment" of Communist aggression.

Whatever its name, the policy evolved in 1947 when the British Government informed the United States that it could no longer afford to support Greece and Turkey--militarily and financially--against the very real threat of Soviet aggression and subversion. In assuming this burden, Truman said in a message delivered before Congress in March 1947:

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.

I believe that we must assist free peoples to work out their own destinies in their own way.

I believe that our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes.

The world is not static, and the status quo is not sacred. But we cannot allow changes in the status quo in violation of the Charter of the United Nations by such methods as coercion, or by such subterfuges as political infiltration. In helping free and independent nations to maintain their freedom, the United States will be giving effect to the principles of the Charter...

Should we fail to aid Greece and Turkey in this fateful hour, the effect will be far-reaching to the West as well as to the East....¹¹

Usually credited with originating the containment theory behind the Truman doctrine is George F. Kennan, who in February 1946 as counselor of the U. S. Embassy in Moscow sent the Department of State a long telegram in which he analyzed Soviet postwar policy aims. His telegram struck responsive chords in Washington; James Forrestal, then Secretary of the Navy and later the first Secretary of Defense, gave the telegram wide circulation within the national security bureaucracy. When Kennan returned from his tour of duty in Russia, Forrestal sponsored him for the post of director of the National War College, where he stayed for less than a year before becoming head of State's new Policy Planning Staff.

¹¹ Public Papers of the Presidents of the United States: Harry S. Truman, 1947. U.S. Government Printing Office; Washington, D.C.; 1963; pp.178-9

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Kennan's article "The Sources of Soviet Conduct," which appeared in Foreign Affairs for July 1947 and which is credited with the initial statement of the containment policy, was an amplification of his Moscow telegram. It was originally written for Forrestal in response to a paper on Marxism and Soviet power prepared by a Forrestal staffer and sent to Kennan for comment.¹² In January 1947, Kennan addressed the Council on Foreign Relations in New York on his views on the Soviet Union, and Foreign Affairs editor Hamilton Fish Armstrong asked him for a paper along the lines of the talk for publication in that journal. Rather than write another paper, Kennan asked Forrestal's permission to publish the one he had done earlier, and when this was forthcoming, sent it to Armstrong with the request that it be signed "X".

In the "X" paper's description of the exercise of Soviet power, Kennan noted the innate antagonism between capitalism and socialism that was deeply imbedded in the minds of Soviet leaders. Moscow invariably assumed that the aims of the capitalist world were antagonistic to Soviet interests, and that, said Kennan, "means that we are going to continue for a long time to find the Russians difficult to deal with." Thus, he continued, "...the main element of any U.S. policy toward the Soviet Union must be that of a long-term, patient but firm and vigilant containment of Russian expansive tendencies." These could be contained "by the ^{sk}adroit and vigilant application of counter-force at a series of constantly shifting geographical and political points, corresponding to the shifts and manoeuvres of Soviet policy, but which cannot be

¹² Much of this background is taken from John C. Donovan, The Cold Warriors; D.C. Heath & Co., Lexington, Mass., Toronto, and London; 1974.

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charmed or talked out of existence." ¹³

However, in Kennan's view and in that of former Secretary of State ¹⁴ Dean Acheson, he was not the author of a containment policy or doctrine; he merely described what was happening. That he did it well, in a way that met the approval of a number of key policymakers of the time is obvious, but it was continued Soviet intransigence in pursuing openly aggressive policies that led to the U.S. reaction to the ^{North} Korean invasion in 1950, and the Korean War in turn institutionalized ¹⁵ a set of operational premises along these lines:

A. The Soviet Union would resort to military expansionism if it were not checked by visible countervailing military power;

B. Local imbalances of military power which favored the Soviets or a Soviet satellite would lead to further "Koreas";

C. The most appetizing local imbalance to the Soviets was in Central Europe;

D. The global balance of power would shift in favor of the Soviets if they were able to swallow the rest of Central Europe, i.e., West Germany and Austria; only the Greco-Turkish flanks had such a critical function for the balance of power (Japan was next most critical);

E. Local imbalances in secondary and tertiary areas must not be neglected; the capability and clearly communicated will to defend whatever areas the Communists chose to attack was necessary to prevent them from picking and choosing easy targets for blackmail and aggression. A number of small territorial grabs could add up to a critical alteration of the global balance, and our failure to defend one area would demoralize nationals in other such localities in their will to resist the Communists.

It was against this background of U.S. policy and planning that the status of Iran in late 1952 was considered, and although Dwight D.

¹³ In later years, writing in his Memoirs--1925-50, Kennan said that the X article's most serious defect was "the failure to make clear that what I was talking about when I mentioned the containment of Soviet power was not the containment by military means of a military threat but the political containment of a political threat." Whatever such hindsight is worth, Kennan's words were generally taken to mean political and military containment on a universal scale.

¹⁴ In "Three Comments on the 'X' Article," by W. Averell Harriman, Arthur Krock, and Dean Acheson, Foreign Policy, No. 7, Summer 1972.

¹⁵ In the view of Seyom Brown in The Faces of Power; Constancy and Change in U.S. Foreign Policy from Truman to Johnson; Columbia University Press; New York & London.

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Eisenhower succeeded Truman as President on 20 January 1953 and John Foster Dulles became his Secretary of State with the avowed intention to go beyond containment toward "dynamic liberation," U.S. policy in Iran continued to stress the need to contain Soviet power there as elsewhere.

The U.S. involvement in Iran's oil problems was admittedly reluctant; we had backed the Iranian government in 1947 when it resisted the oil concession the Russians were seeking to arrange in the north. Our statements at that time probably did much to encourage the Iranian mood to challenge the British concession as well, and that challenge grew into a bitter dispute, the United States found itself caught in the middle of an argument between its chief European ally and an underdeveloped Middle Eastern country to which it was providing military and economic aid. As a result, the U.S. role became not so much one of mediator but rather as an honest broker attempting to bring two clients into an agreement for their mutual benefit. Truman's Secretary of State, Dean Acheson, had proposed¹⁶ in July 1951 that the President send Averell Harriman, his foreign policy adviser, to Tehran to reopen negotiations. Despite violent anti-American rioting by Tudeh the day he arrived, Harriman did get the two sides talking again, but to little avail. When the British brought the case before the Security Council in October 1951, Mosadeq argued Iran's position before the Council; afterward, he visited Washington and met with Truman and Acheson, but their talks came no closer to reaching a basis for settlement.

¹⁶ As recounted in Acheson's story of his years at State, Present at the Creation, W.W. Norton & Co.; New York; 1969; pp. 499-511 and 680-685.

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With the British out of Iran, the United States continued to look for solutions, and proposals involving both the International Bank for Reconstruction and Development and the American oil industry were put forth, without success. By the end of 1951 the Conservatives, under Churchill, were back in power in Britain and less willing than Labor to be frustrated by Iran, and Mosadeq's position, increasingly dependent on Tudeh support, grew more precarious. By February 1953 he was at odds with the Shah, and both Britain and the United States were ready to look for realistic alternative solutions.

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Old No.New No.

Introduction

I. Introduction

Operational Plan

II. Operational Plan

I. Preliminary

A. Preliminary Support

II. Role of the Shah

B. Role of the Shah

1. First Stage
2. Second Stage
3. Third Stage

1. First Stage
2. Second Stage
3. Third Stage

III. Arrangement with Zahedi

C. Arrangement with Zahedi

IV. Orgn to Mount Overthrow

D. Orgn to Mount Overthrow

A. Orgn to Mount Coup

1. Orgn to Mount Coup

1. Military Secretariat
2. Duties of Secretariat
3. Action on Coup day

- a. Military Secretariat
- b. Duties of Secretariat
- c. Action on Coup day

B. Orgn to Create

2. Orgn to Create

1. General programs
2. Duties of specific
- (a) Press & Publicity

- a. General programs
- b. Duties of specific
- (1) Press & Publicity

1. Mossadegh
2. Mossadegh
3. Mossadegh
4. Mossadegh
5. Mossadegh
6. Mossadegh
7. Consistent

- (a) Mossadegh
- (b) Mossadegh
- (c) Mossadegh
- (d) Mossadegh
- (e) Mossadegh
- (f) Mossadegh
- (g) Consistent

1. Make mapimium
2. Through Tehran
3. Give mapimium
4. Brief all

- (a) Make mapimium
- (b) Through Tehran
- (c) Give mapimium
- (d) Brief all

(b) The Majlis

(2) The Majlis

(c) Political elements

(3) Political elements

(d) Religious leaders

(4) Religious leaders

1. Spread
2. Give
3. Give
4. The
5. Ensure
6. After

- (a) Spread
- (b) Give
- (c) Give
- (d) The
- (e) Ensure
- (f) After

(e) Support merchants

(5) Support merchants

3. Final action

- (A) on the
- (B) other
- (C) a number
- (D) at this
- (E) at the
- (F) simultaneously
- (G) in the
- (H) just after

C. Final action

- (1) on the
- (2) other
- (3) a number
- (4) at this
- (5) at the
- (6) simultaneously
- (7) in the
- (8) just after

Estimate of chances

III

Estimate of chances

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III. COVERT ACTION

A. The Genesis of TPAJAX

The many chroniclers of Central Intelligence Agency misdeeds, whether in their books, magazine articles, or newspaper columns, have long placed the August 1953 coup that overthrew Premier Mosadeq near the top of their list of infamous Agency acts. Complete secrecy about the operation that was known under the cryptonym of TPAJAX has been impossible to enforce under existing laws, and enough talkative people, including many Iranians, were privy to segments of the operation to make it relatively easy for journalists to reconstruct the coup in varied but generally inaccurate accounts.¹⁷ The point that the majority of these accounts miss is a key one: the military coup that overthrew Mosadeq and his National Front cabinet was carried out under CIA direction as an act of U.S. foreign policy, conceived and approved at the highest levels of government. It was not an aggressively simplistic solution, clandestinely arrived at, but was instead an official admission by both the United States and United Kingdom that normal, rational methods of international communication and commerce had failed. TPAJAX was entered into as a last resort.

The target of this policy of desperation, Mohammad Mosadeq, was neither a madman nor an emotional bundle of senility as he was so often pictured in the foreign press; however, he had become so committed to the ideals of nationalism that he did things that could not have conceivably helped his people even in the best and most altruistic of worlds. In refusing to bargain--except on his own uncompromising terms--with the

¹⁷ A number of these are included in Appendix C.

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Anglo-Iranian Oil Company, he was in fact defying the professional politicians of the British government. These leaders believed, with good reason, that cheap oil for Britain and high profits for the company were vital to their national interests. There had been little in their experience to make them respect Iranians, whom company managers and Foreign Office representatives saw as inefficient, corrupt, and self-serving. That the British misjudged their adversaries badly is obvious; they were convinced that when Iran felt the financial pinch, its resolve would crumble, and an agreement could be worked out to the satisfaction of both sides. Henry Grady, who spent two unhappy years as U.S. Ambassador to Iran during the height of the oil dispute, quoted¹⁸ the British theme that he had heard in so many variations as: "Just wait until the beggars need the money badly enough--that will bring them to their knees."

In fact, of course, the loss of oil revenue did not bring the Iranians to their knees; it merely forced them to take the risky steps that increasingly endangered their country's future. It was the potential of those risks to leave Iran open to Soviet aggression--at a time when the Cold War was at its height and when the United States was involved in an undeclared war in Korea against forces supported by the U.S.S.R. and China--that compelled the United States in planning and executing TPAJAX.

How real were the risks in what Mosadeq was doing? Had the British sent in the paratroops and warships, as they were to do a few years later against the Egyptians at Suez, it was almost certain that the Soviet Union

¹⁸ In his article in the 5 January 1952 Saturday Evening Post, entitled "What went Wrong in Iran?"

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would have occupied the northern portion of Iran by invoking the Soviet-Iranian Treaty of Friendship of 1921. It was also quite probable that the Soviet army would have moved south to drive British forces out on behalf of their Iranian "allies." Then not only would Iran's oil have been irretrievably lost to the West, but the defense chain around the Soviet Union which was part of U.S. foreign policy would have been breached. The Soviets would have ^{had} the opportunity to achieve the ancient Russian dream of a port on the Persian Gulf and to drive a wedge between Turkey and India. Under such circumstances, the danger of a third world war seemed very real. When it became apparent that many elements in Iran did not approve of Mosadeq's continuing gamble or the direction in which he was pushing their country, the execution of a U.S.-assisted coup d'etat seemed a more desirable risk than letting matters run their unpredictable course. Mosadeq was already openly threatening to turn to other sources for economic help--the Soviets--if Britain did not meet his demands or if the United States did not come forth with massive aid to replace his lost oil revenue. Peacefully or in war, the Soviet Union appeared to be the only potential beneficiary of Mosadeq's policies.

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the aged Premier was rapidly become a "prisoner of the left" because of his growing reliance on the support of the Soviet-backed Tudeh Party,²⁰ which had a membership in 1952 of about 25,000 plus many more thousands of supporters and sympathizers.

High-level

approval to explore the matter was obtained through Department of State

²⁰ As the organization replacing the Communist Party of Iran, outlawed by Reza Shah, Tudeh had been receiving Soviet financial support and advice since 1941.

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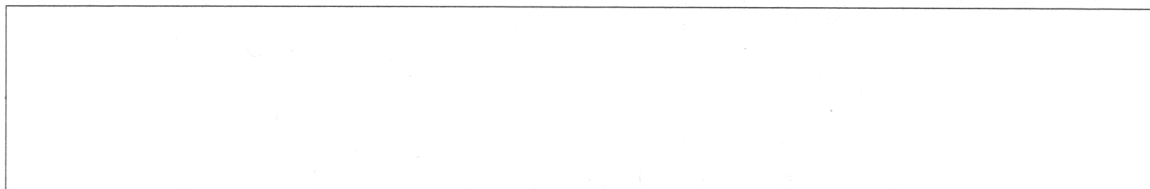
a CIA NEA Division officer who was there
channels, / recalls attending a decisive meeting²¹ at
State in company with Kermit Roosevelt at which Gen. W. Bedell Smith
presided, shortly after he left the Agency to become Under Secretary of
State early in February 1953. Smith's affirmative response to the
question, "Do we go ahead?" was the informal green light that the planners
in NEA Division had been waiting for; his laconic, unprintable answer
was Smith's main contribution to the meeting, at which the reasons for
overthrowing Mosadeq were carefully discussed.

²¹ No minutes of this meeting are available in DDO files.

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[Redacted] Final official approval of TPAJAX came on 11 July 1953²⁴

as an action based on NSC Report 136/1, "U.S. Policy Regarding the Present Situation in Iran," which had been adopted by the National Security Council as action No. 680 and approved by the President on 20 November 1952.

The fact that this decision and the staff work preceding it were very closely held in Washington is borne out by a memorandum of 10 June 1953 from the Office of Greek, Turkish, and Iranian Affairs (GTI) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs recommending policies more supportive of Mosadeq. It reasoned that since conditions ^{in Iran} were deteriorating almost to the point of no return and since an attempt to remove Mosadeq would risk a civil war and would, even if successful, alienate the Iranian people, we should increase our financial and technical assistance to Iran in the hope that Mosadeq would be able to muddle through. The desk officers' position paper recognized that increased U.S. aid would, of course, frustrate British policy, which was to undermine Mosadeq's position. By late June, however, State was aware of the planned operation, and a further position paper that stipulated certain conditions to be met by the British was prepared on 25 June, as described in the discussion of planning, below.

B. The Planning Phase

To carry out a [Redacted] operation [Redacted]

[Redacted], a great deal of advance planning was necessary, [Redacted]

²⁴ No documentary evidence of this approval is available in the CIA Executive Register or the remaining files on TPAJAX.

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[REDACTED]

Their first point of agreement was that Maj.

Gen. Fazlollah Zahedi²⁶ was the logical choice to head the coup, despite the fact that his career balance sheet had nearly as many minuses as pluses. Zahedi's obvious assets were his record as a leader and combat officer, his devotion to the Shah, and his aggressive desire to change the course of his country's destiny. His debits were many: his wartime reputation as a pro-Nazi and suspected agent who had been arrested by the British and sent to Palestine was further tainted by charges of corruption. In addition, he had been out of the army for four years and had only limited contacts with active duty officers at the regimental and battalion levels. He nonetheless was regarded [REDACTED] [REDACTED] as the sole Iranian with sufficient support among Iranian army officers and pro-Shah politicians to be the central coup figure.

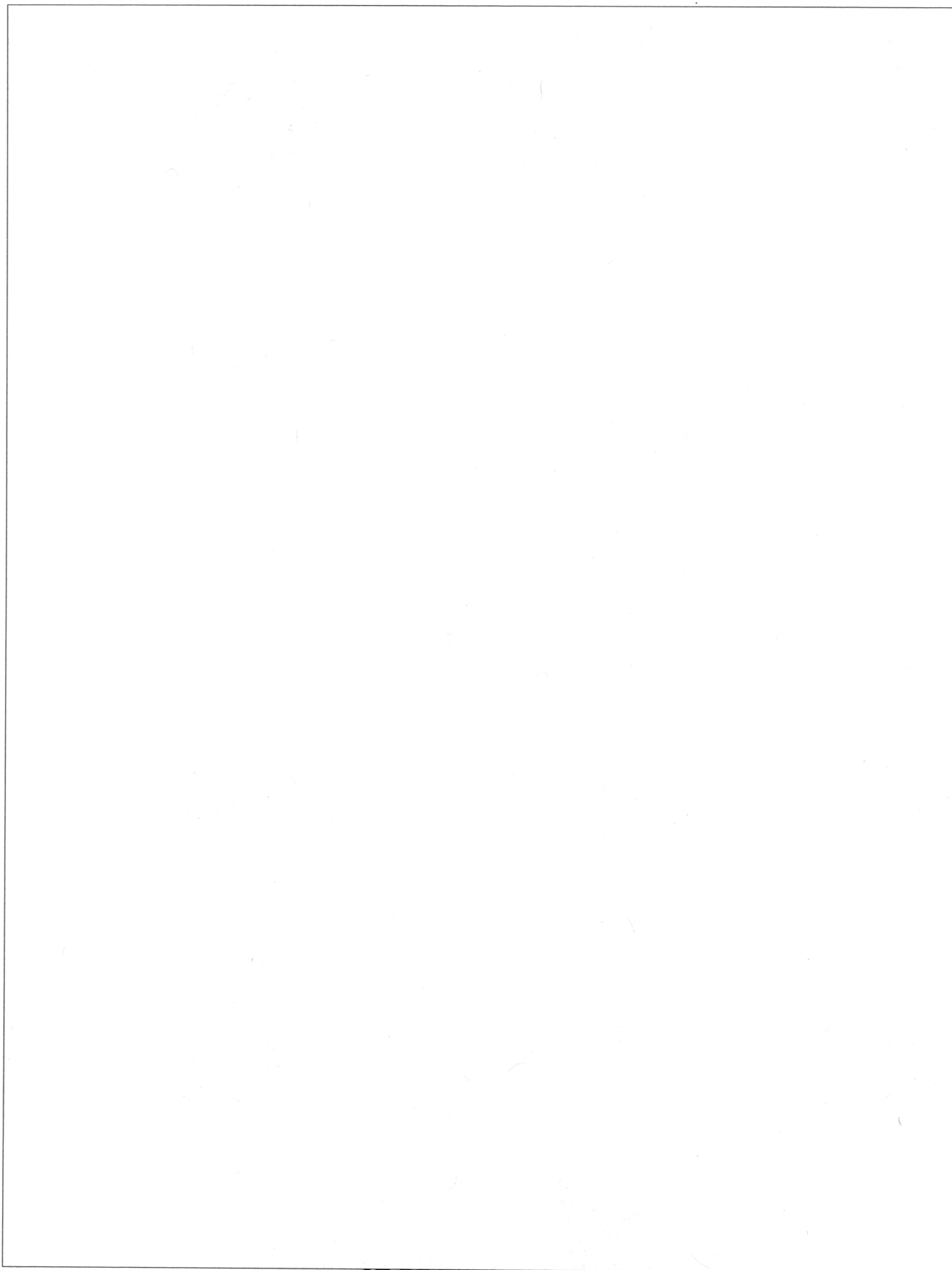
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²⁶ See Appendix B for biographic details.

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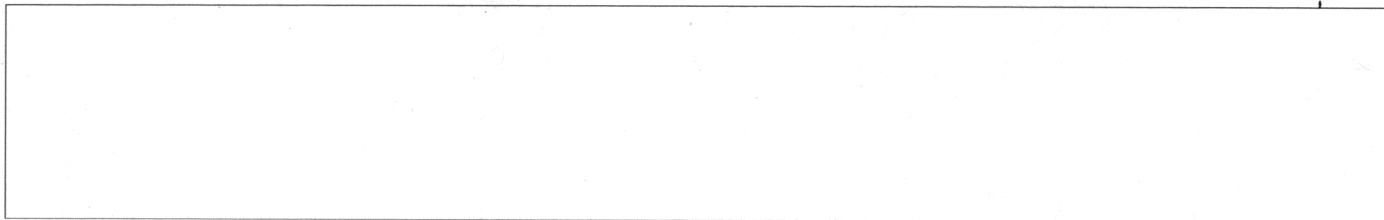
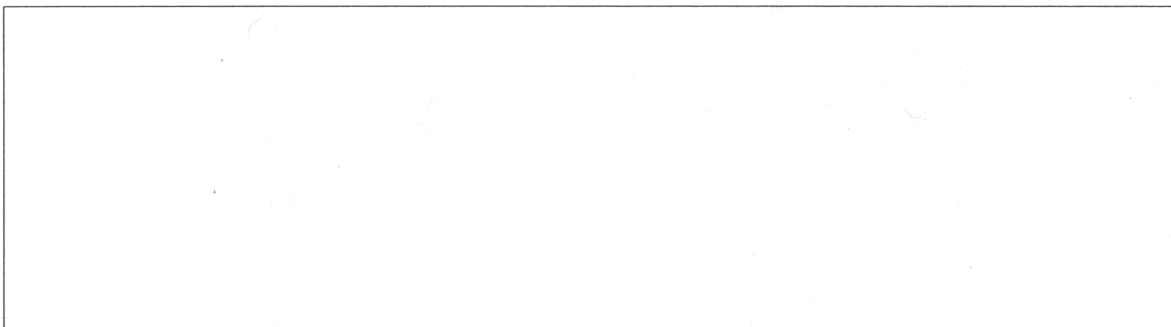
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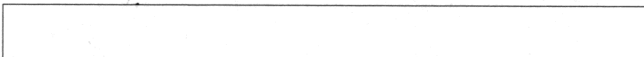
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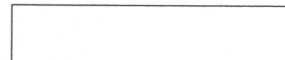
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The planning discussions



also took

up the assumptions on which the plan would be based. These were: that Zahedi was the best candidate for coup leader; that the Shah must be brought into the operation, against his will if necessary; that the army would follow the Shah rather than Mosadeq if given a clear-cut choice; that a genuine legal or quasi-legal basis must be found for the coup; that public opinion must be aroused against Mosadeq;



and, that

the new government to be established in power must be guarded from possible Tudeh countercoup attempts. Tehran Station and Headquarters

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were kept apprised of these assumptions, with which they did not always agree. The Station, for example, backed Ambassador Henderson when he told Washington that the Shah probably would not act decisively against Mosadeq, while Headquarters was concerned about finding a possible substitute for General Zahedi because of the negative aspects of his background.

The proposal that anti-Mosadeq leaders seek "religious refuge" was never implemented in the field; it probably reflected the views of [redacted] primarily concerned with psychological and propaganda operations was attuned to the utilization of local customs and traditions.

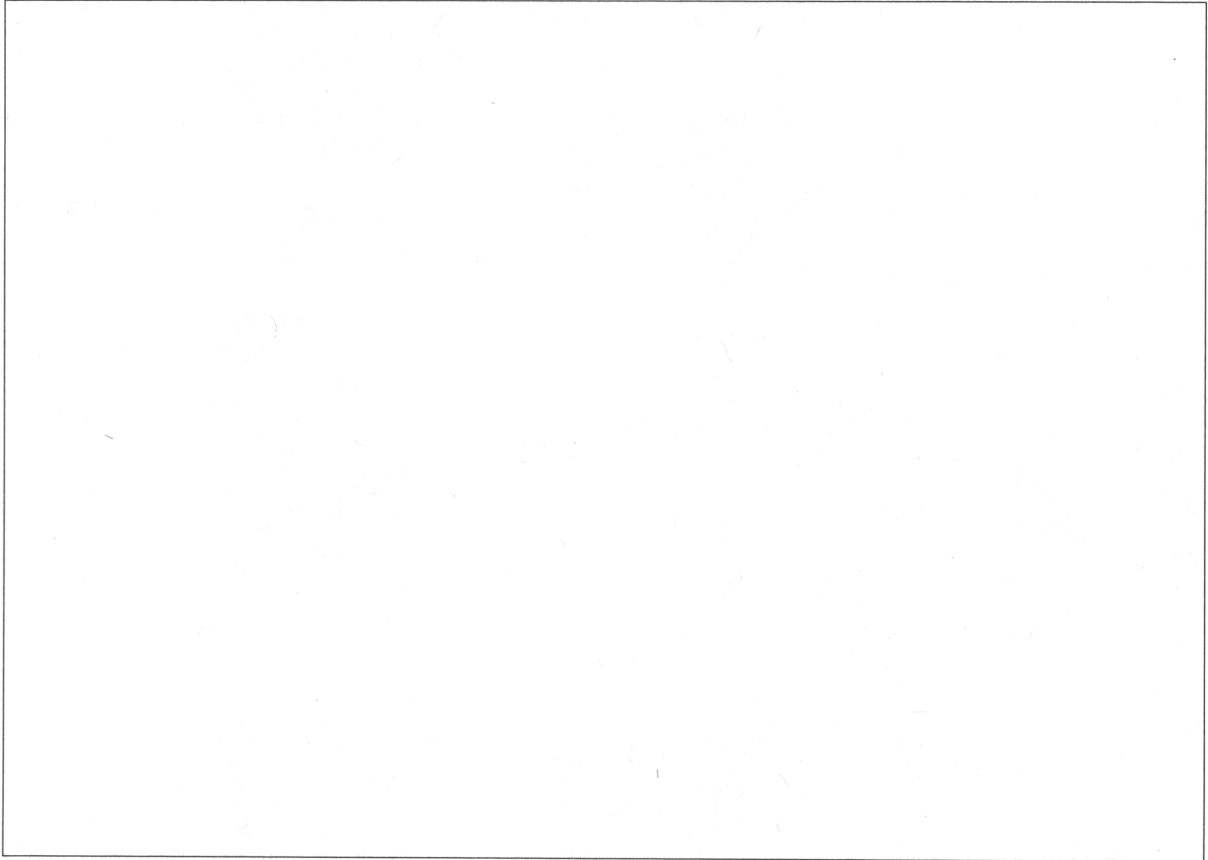
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completed a revision of the plan. Their major change was to concentrate on building up the size and effectiveness of the anti-Mosadeq forces rather than on countering actions by the elements supporting the Premier.



Reduced to its essentials, the plan called for the following sequence of events, in which timing was of great importance:

The goal of the operation was to replace Mosadeq with a leader whom the Shah and the army would support and who would be willing to negotiate a reasonable oil settlement that would prevent an economic collapse and reduce Iran's vulnerability to the Soviet Union. General Zahedi was such a man, perhaps the only one who met all the requirements.

³⁰ Also included in Appendix D.

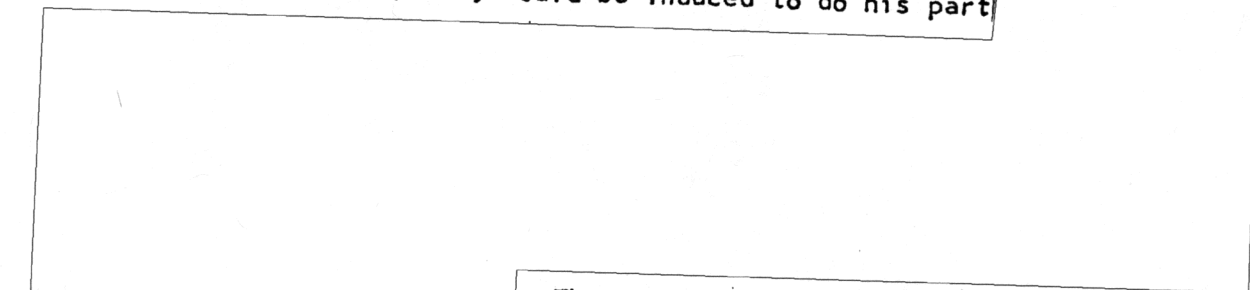
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Zahedi would be brought to power through a military coup that would, because of the Shah's participation, be fundamentally legal. The Shah, who had been indecisive under the pressure of the oil dispute and Mosadeq's maneuvering for more power, would be induced to do his part



The Shah's role would be to sign three documents: a royal decree (firman, in Farsi) naming Zahedi as Army Chief of Staff; another firman appealing to all ranks of the army to carry out the orders of the new Chief of Staff; and, an open letter calling on army officers to support the bearer, General Zahedi. The letter would be used by Zahedi to recruit the coup group of officers in key posts that would enable them to carry out the military objectives of the plan, including the seizure of army headquarters, Radio Tehran, the army radio station, the houses of Mosadeq and his principal associates, police and Gendarmerie headquarters, the telephone exchange, the Majlis building, and the National Bank. Key government figures, army officers, and newspaper editors supporting Mosadeq would be arrested. Special measures would be prepared for dealing with the anticipated violent reaction of Tudeh Party members to Mosadeq's overthrow.

The plan envisaged three different scenarios by which the coup might be carried out: first, a massive religious protest against the government,

31 The Gendarmerie were a national, paramilitary, rural police, whereas the National Police were an urban force.

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followed by military action by the army officers loyal to Zahedi; the second alternative, taking advantage of the crisis that would develop at the anticipated moment when Mosadeq would force the Shah to leave the country, and then starting the military action; or, as the third alternative, starting the military action the moment that Mosadeq, ³²frustrated by the Shah, presented his resignation and sent the Tudeh and National Front mobs into the street. Under any of these scenarios, the military action itself was seen as beginning with General Zahedi assuming the post as Chief of Staff, seizing army headquarters, and ordering the arrest of Mosadeq and his compatriots. The Shah would then appoint Zahedi as Premier, and the Majlis would be called into session to confirm his appointment.

The plan also discussed the use of the press, including propaganda themes, as well as utilization of the Majlis, the political parties, religious leaders, and bazaar merchants in carrying out the operation. Finally, it estimated³³ the coup's chances of success and the probable implications for the United States if it should fail. It was this plan that [redacted] CIA to the Department of State in order to obtain simultaneous high-level approval.

As a sidelight, it should be mentioned that before Roosevelt left [redacted], he briefed U.S. Ambassador to Iran Loy Henderson, who was in Washington for consultation. The briefing on the proposed operation [redacted] was attended by General

³² This was a technique Mosadeq had used before to rally the street mobs to his support and to intimidate his opposition. It was anticipated that he would try it again if the Shah put any sort of pressure on him.

³³ No formal estimates as to the potential for success of the coup were prepared by ONE, although that Office was producing special estimates on the situation in Iran. [redacted]

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Cabell (the Deputy Director of Central Intelligence), Frank Wisner (the Deputy Director for Plans), [REDACTED]

[REDACTED] the Ambassador stated categorically that the Shah would not back Zahedi when the time came for action unless extreme pressure was exerted, possibly including the threat of replacing him. Ambassador Henderson also warned that the army would not play a major role in the coup without the Shah's active cooperation, and he urged that an alternate plan be prepared [REDACTED]

[REDACTED] In more general terms, he pointed out the inconsistency of telling the Shah that no more U.S. aid would go to Iran while Mosadeq remained in power, while at the same time the Point Four (technical assistance) program was in the process of implementing a \$3,400,000 Village Council program. Overall, the Ambassador was negative about many aspects of the plan, although less so than he had been when consulted in Tehran. He agreed to delay his return to Tehran by arranging a prolonged European visit, thereby adding his absence to the war of nerves against Mosadeq.

By mid-June, the purpose of the plan was known to some senior Department of State officers, and the Office of Greek, Turkish, and Iranian Affairs prepared a comment on 25 June for the Secretary of State that in general approved of the plan--including the assumption of the risks of failure. However, State set forth two conditions that had to be met:

- 1) the United States must be prepared to offer immediate and substantial economic assistance--an estimated \$60 million the first year--to the new government in Iran in order to stabilize the economy and convince the public that their new government would be able to do more for them than

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the old one, and 2) the British must give a firm commitment to be flexible in approaching the oil settlement and not attempt to force the new government to accept terms that would alienate public opinion. To be acceptable, State said, the oil settlement should recognize nationalization of the oil industry, provide for Iranian control of all property, installations, and production in Iran, allow the Iranian government complete freedom of choice of technical and managerial personnel as well as freedom in the sales of oil and oil product, and dispose of the problem of compensation within the framework of the existing nationalization law and on a basis which would not saddle Iran with excessive indebtedness to the Anglo-Iranian Oil Company.

On 7 July these views were passed to the British by Henry A. Byroade, Assistant Secretary of State for Near Eastern, South Asian, and African Affairs, and on 23 July British Ambassador Makins gave Under Secretary of State W. Bedell Smith a Foreign Office memorandum which in diplomatic language acceded to the U.S. conditions. The memo set forth the principles that compensation should be left to the impartial arbitration of an international tribunal and that terms of a future arrangement must not appear to provide a reward for the tearing up of contractual obligations or disturbing world oil prices. The British government would thus be ready to cooperate with the new Iranian government in trying to reach an agreement, within the bounds of those two principles. While this answer was obviously not an across-the-board acceptance of the State conditions, it was not a specific rejection and was clearly an affirmative answer to the question of the British taking a reasonable, flexible approach that would not arouse the Iranian people against the new government.

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C. Putting the Plan into Action

After formal approval came [REDACTED]

[REDACTED]

[REDACTED] on 11 July, NEA Division organized itself for the support of the operation. [REDACTED]

[REDACTED]

[REDACTED] The news that General Zahedi had virtually no military assets of his own was also painfully confirmed.

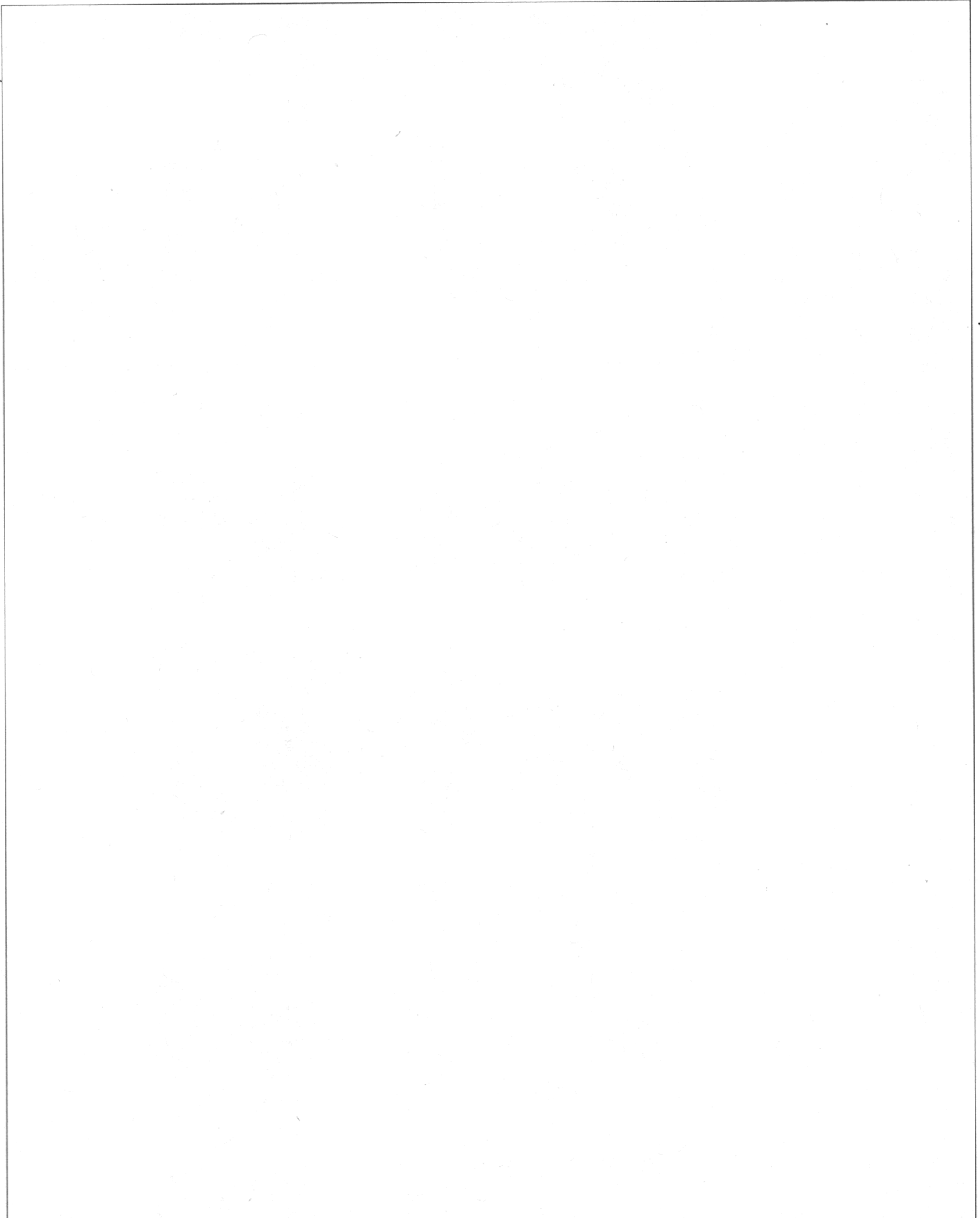
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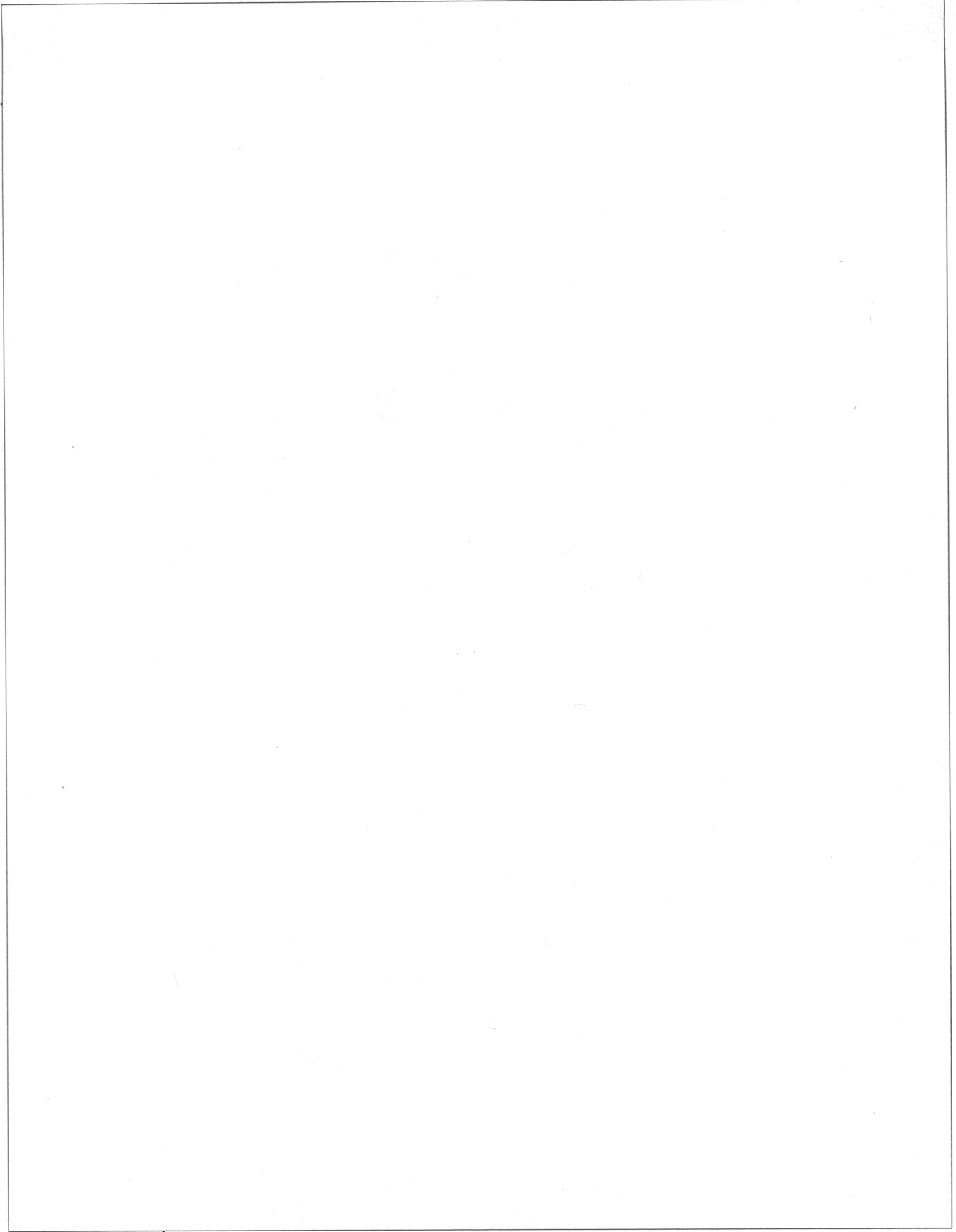
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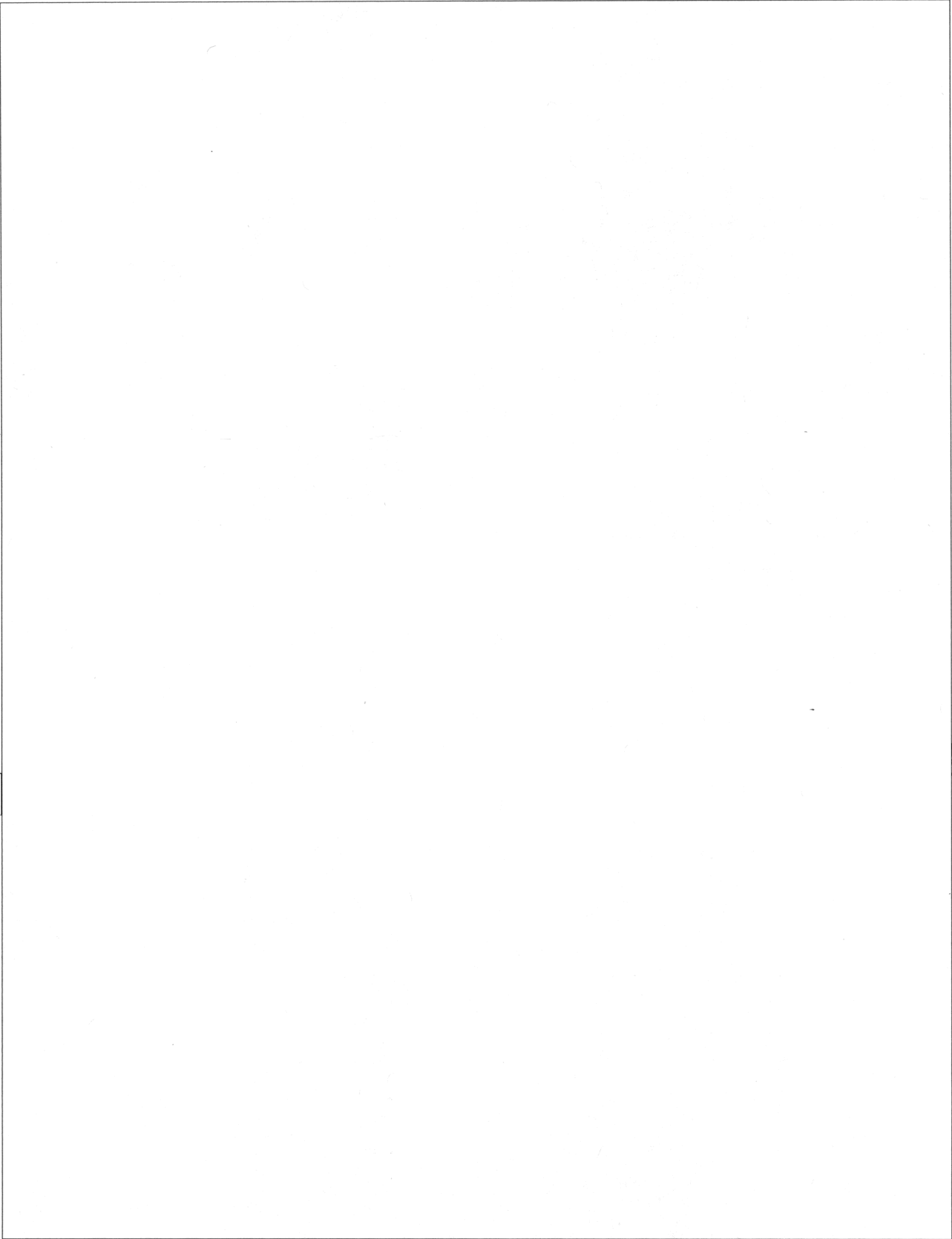
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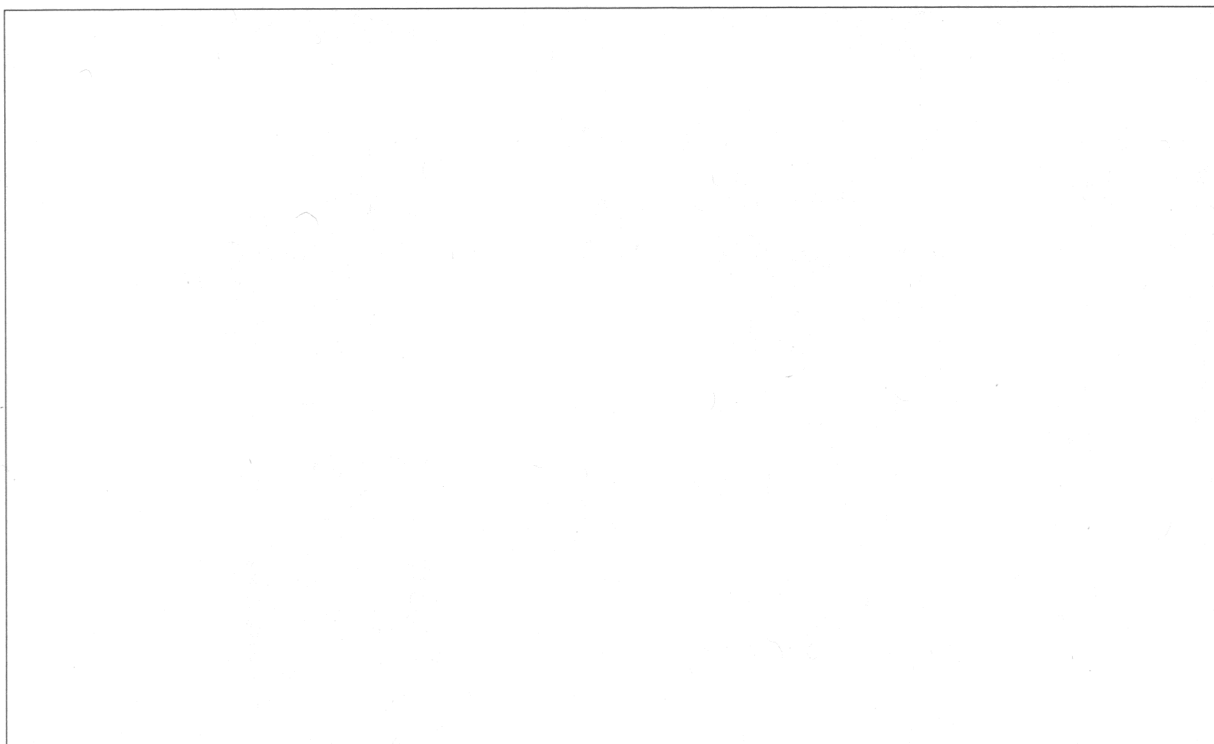
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A question that arose during the planning phase was whether or not to proceed with the U.S. Point Four aid program to Mosadeq's Village Council program (part of the Agrarian Reform Law of 1952, under which landlords had to give the government 20% of their profits, 10% to go back to the peasants and 10% to the Village Council for health, educational, and agricultural improvements). Point Four officials had committed \$3,400,000 to the program, which was being exploited in Iran as evidence of U.S. support for Mosadeq, and, despite some misgivings, both Ambassador Henderson and the Department of State felt that cancelling the aid would only serve to irritate Mosadeq and perhaps alert him to the fact that the United States was beginning to actively oppose him. Over Station and Headquarters objections, it was finally decided to proceed with the Village Council commitment. Then, late in July,

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D. Involving the Shah

Probably the biggest question mark for TPAJAX planners was the Shah's role in the coup--not only how he would play it, but would he even play it at all? They had little reason to be overconfident, for his indecision and susceptibility to bad advice were notorious. The Shah had his reasons, however. He had assumed the throne in 1941 when his father, a semiliterate strongman, was forced to abdicate by the occupying power, Britain and the U.S.S.R. Leader of a defeated and humiliated country for the first 4½ years of his reign, the young Shah³⁷ attempted to survive by ruling as a constitutional monarch. His very existence was threatened by Tudeh on the left and by Premier Ahmed Qavam on the right; a British correspondent who interviewed him in 1947 described him as "a very frightened young man." Although Qavam, as a strong Premier, was in a position to bring the Pahlavi dynasty to a premature end, he apparently decided to keep the monarchy and took steps to build up the Shah's popularity, crediting him with recovering Azarbaijan from the Soviets. Seemingly stimulated by this appearance of success, the Shah took a more active role as ruler, and in 1947 began to intervene more vigorously in political affairs. The attempted assassination by a Tudeh Party member in 1949 frightened him again, but he survived

³⁷ A biography of the Shah is included in Appendix B.

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the shots and cast about for some stabilizing factors in his situation.

The U.S. Embassy made this assessment of him in 1951:

The Shah is confused, frustrated, suspicious, proud, and stubborn, a young man who lives in the shadow of his father. His fears, questionings, and indecisiveness are permanent instabilities of character. Yet, he has great personal courage, many Western ideals, and a sincere, though often wavering, desire to raise and preserve his country. He is, at all times, eager for and a victim of advice.

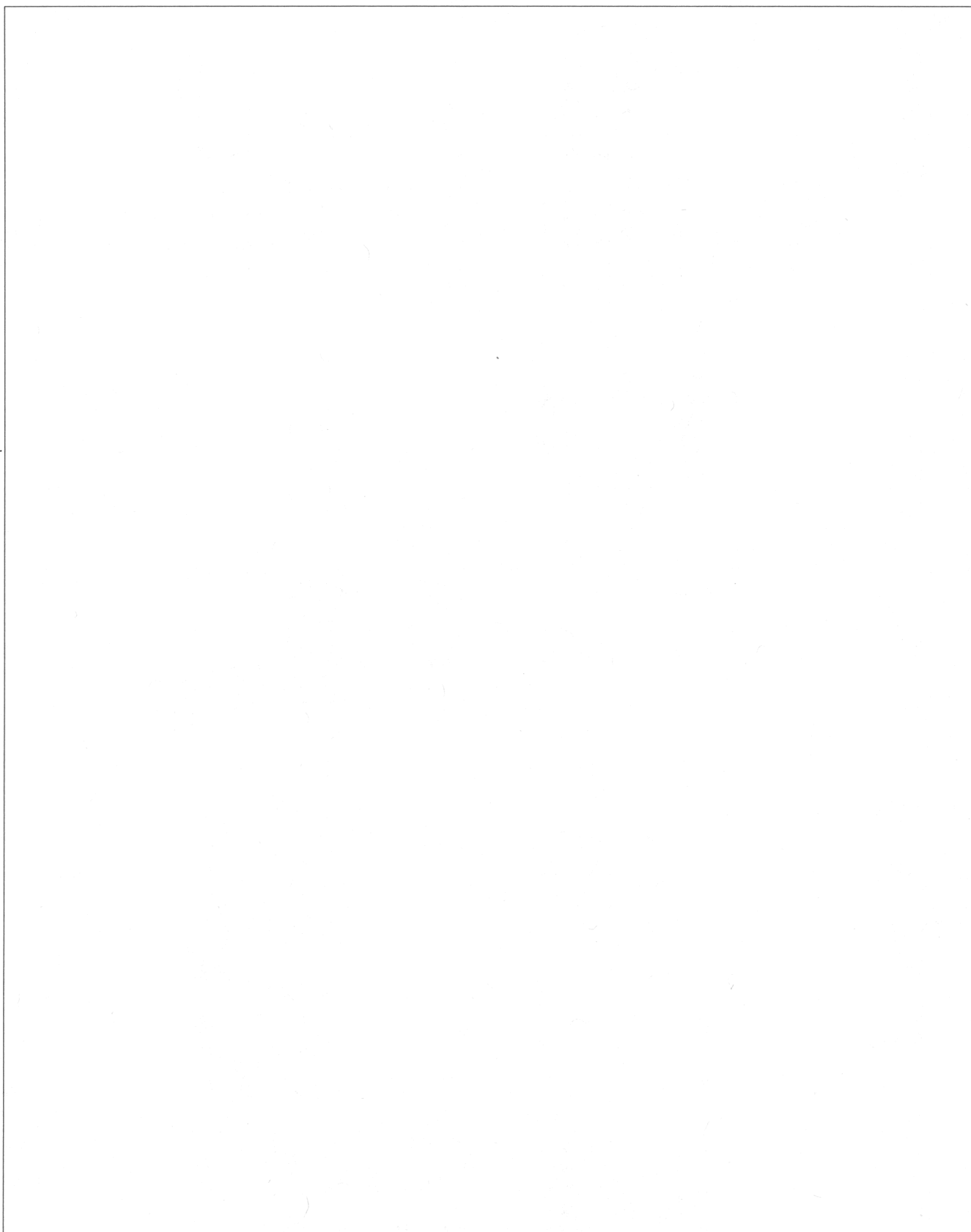
How then to convince this mistrusting but gullible ruler of the soundness and effectiveness of the TPAJAX plan in which his own participation was such a key element?

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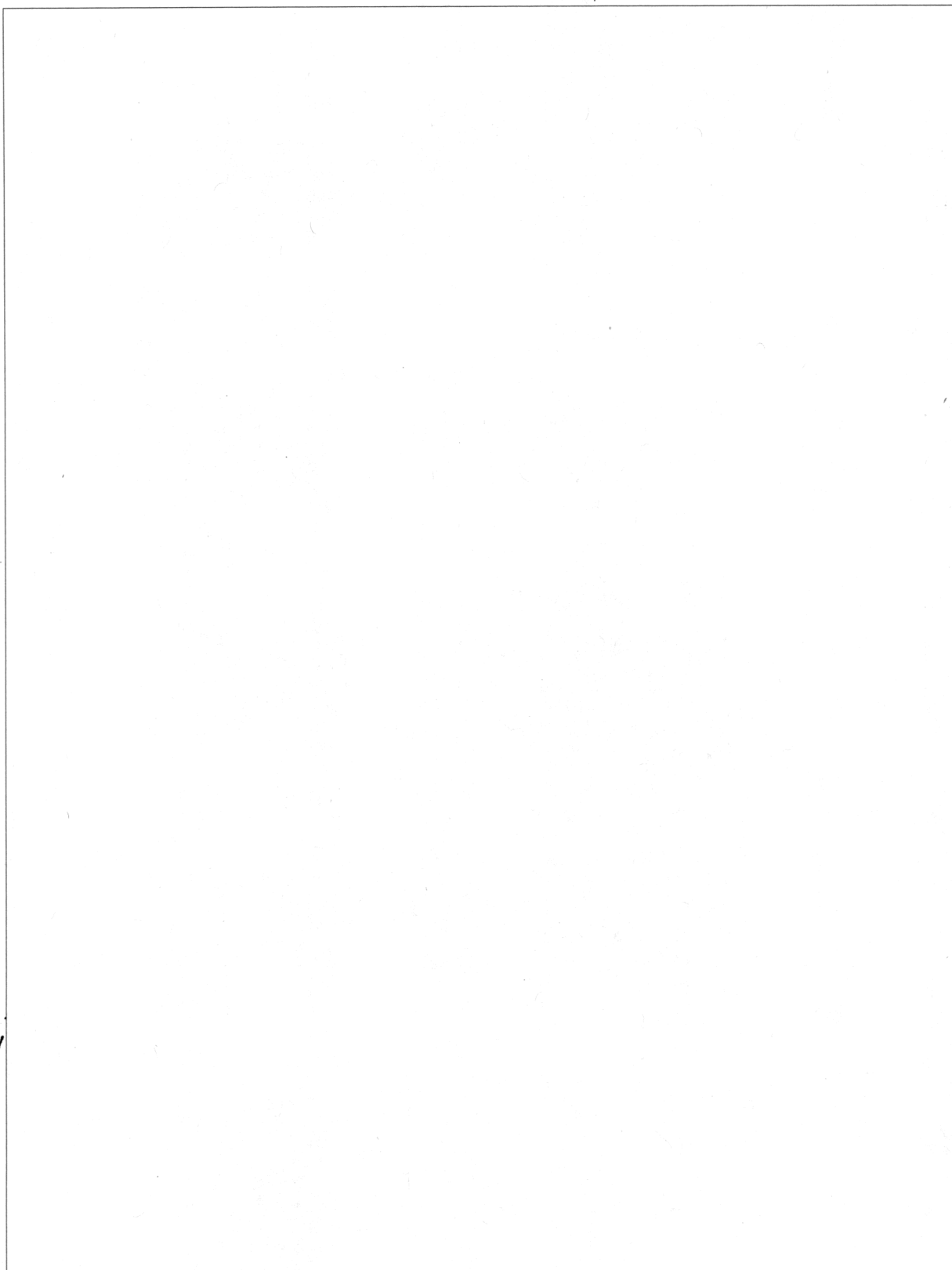
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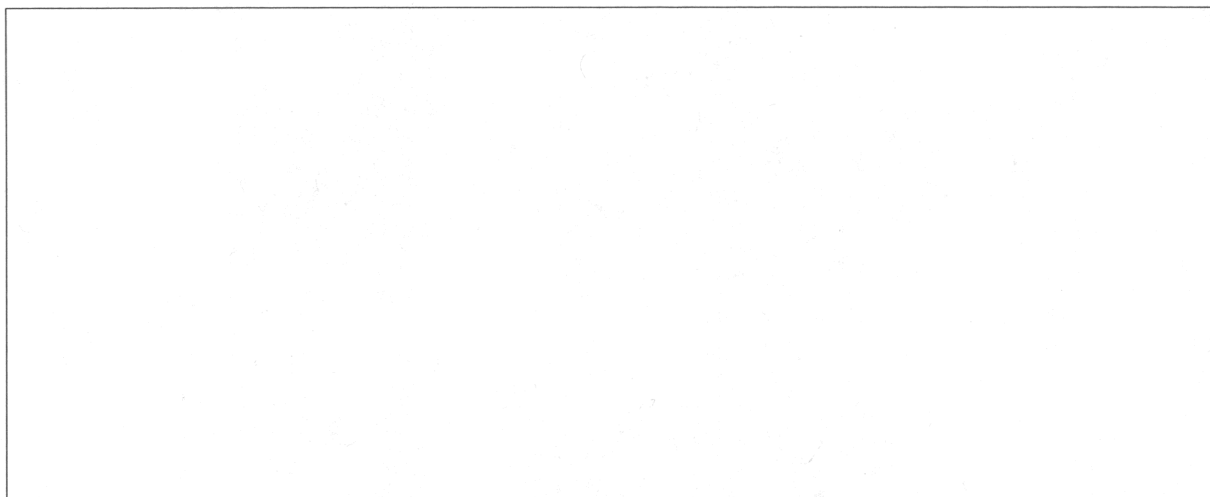
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ADMINISTRATIVE - WORKING PAPER



While the coup organization was being pulled together, Mosadeq had been keeping the political pot boiling. His supporters had held a massive demonstration on 21 July to mark the second anniversary of the riots that ousted Qavam and brought Mosadeq in as Premier; Tudeh participation in the demonstration had been heavy, pointing up Mosadeq's increasing reliance on Communist supporters. Of the crowd of more than 50,000 demonstrators estimated to have met in Majlis Square, Tudeh members and sympathizers probably outnumbered followers of the National Front by ten to one. During the first week in August, Mosadeq carried out a national referendum on dissolving the Majlis that was passed by an enormous majority, despite the insistence of opposition deputies that such a referendum was illegal. [redacted] attempted

unsuccessfully to persuade anti-Mosadeq deputies to resist his efforts to oust them by taking religious sanctuary, or bast, in the Majlis building.

Mosadeq's reasons for wanting a new Majlis were obvious; his National Front had lost much of its cohesion since he had quarrelled with Kashani, Baghai, Makki, ³⁸ Kashani, an influential mullah and political figure, had been a Mosadeq ally and was the elected Speaker of Majlis; Baghai and Makki were members of the Premier's original nine-man National Front that had swung the Majlis toward nationalization of the oil industry (see Appendix A). (in 1951)

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ADMINISTRATIVE - WORKING DRAFT

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and other supporters over his proposed constitutional amendments transferring power from the Shah to the Premier. The National Front, primarily composed of nationalistic rightwingers, was alarmed by Mosadeq's growing reliance on Tudeh, and this became a major issue in the propaganda campaign

[redacted] In an attempt to get across to the Iranian people the changing attitude of the U.S. Government toward Mosadeq, Secretary of State Dulles in his 28 July press conference replied [redacted]

[redacted] on Iran as follows:

The growing activities of the illegal Communist Party in Iran and the toleration of them by the Iranian government has caused our government concern. These developments make it more difficult to grant aid to Iran.

In the early days of August, Roosevelt [redacted]

[redacted] compelled to build up the pressure on the Shah. Alterations were made in the original plan with regard to the firmans the Shah was to sign; one was to name Zahedi as Chief of Staff, while the other would declare illegal the referendum dissolving the Majlis.³⁹ But, getting the actual documents signed was becoming a critical matter. [redacted] saw the Shah on 2 August and left the palace believing he had obtained the Shah's agreement to dismiss Mosadeq and appoint Zahedi as Premier, but when Roosevelt met with the ruler the following day, he had become reluctant to act, saying that he was not an adventurer and could not take chances like one. Roosevelt's argument was that the government could be changed in no other way, and that if the Shah did not join

³⁹ One of the most rapidly changing facets of the plan was the content of the firmans; in their final format, there were two--one removing Mosadeq as Premier, the other appointing General Zahedi in his place.

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ADMINISTRATIVE - WORKING PAPER

with the army to oust Mosadeq, either a Communist Iran or another Korean-type conflict was inevitable. These alternatives the United States was not prepared to accept.

At this meeting, the Shah asked for direct assurance from President Eisenhower that he approved of the Shah's taking the initiative against Mosadeq, but before this could be passed to Washington, the President fortuitously inserted an item in his speech to the Governors' Conference in Seattle on 4 August⁴⁰ to the effect that the United States could not sit idly by and watch Iran fall behind the Iron Curtain. Roosevelt used the coincidence of this speech by telling the Shah that the President's comment on Iran had been made to satisfy him, but the ruler continued to balk. On 8 August, the Shah, still irresolute, told Roosevelt that he would send a message of encouragement to the army officers involved, then go to the palace at Ramsar on the Caspian and let the army act, apparently without his official knowledge. If that action were successful, he would name Zahedi as Premier. [REDACTED]

[REDACTED] but the Shah said that while he approved of the planned action, he would not sign any documents. [REDACTED]

[REDACTED]

Under this extreme pressure, the Shah finally agreed to sign the papers, see Zahedi personally, and then leave for Ramsar. The next day he did meet with the general, but the firmans [REDACTED] were not yet ready to be signed. The Shah went on to Ramsar, after promising to sign the decrees as soon as they were brought to him.

⁴⁰ As reported in The New York Times for 5 August 1953.

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ADMINISTRATIVE - WORKING PAPER

Roosevelt [redacted] then altered the plan one final time by deciding that one firman should dismiss Mosadeq from the Premier's post and the other name Zahedi as his successor. [redacted]

[redacted]

E. The First Attempt -- and Failure

The Shah's decrees were now in the hands of the coup group, and the next step was to implement the military action plan as soon as possible.

[redacted]

One point seems clear, although the exact details are missing--the initial coup attempt was betrayed. Rumors of a coup to be staged by the army had been in the air for some time, and the Iranians' desultory view of security and their tendency to be talkative were notorious, but according

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to Roosevelt, it was probably [redacted] chief of the secret police,
who told Chief of Staff Riahi that the coup was coming the night of 15
August. [redacted]

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ADMINISTRATIVE - WORKING PAPER

What happened to the other coup officers with assigned missions? A number of them heard the news that the coup was blown and so did nothing. Others were frustrated by the precautions General Riahi took when he learned the coup was coming that night.

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ADMINISTRATIVE - WORKING PAPER

The first coup attempt--a conventional military takeover, reinforced by the Shah's signed orders--had taken less than 12 hours, from Saturday night, 15 August, until early in the morning of Sunday the 16th. As the chronology of TPAJAX⁴¹ shows, the next three days were filled with confusion. Mosadeq's forces believed that they had crushed the thing they most feared--an army takeover on behalf of the Shah. Their reaction was to mop up on their remaining enemies and to exploit their victory to the fullest. Monday and Tuesday, the 17th and 18th, the Tudeh Party seized the spotlight, rioting and demonstrating in the streets in a wild outburst of antimonarchical feeling, while Roosevelt and his men waited their chance to reverse things. The second, and winning, phase of the operation was not to come until Wednesday, the 19th.

F. Turning Defeat Around

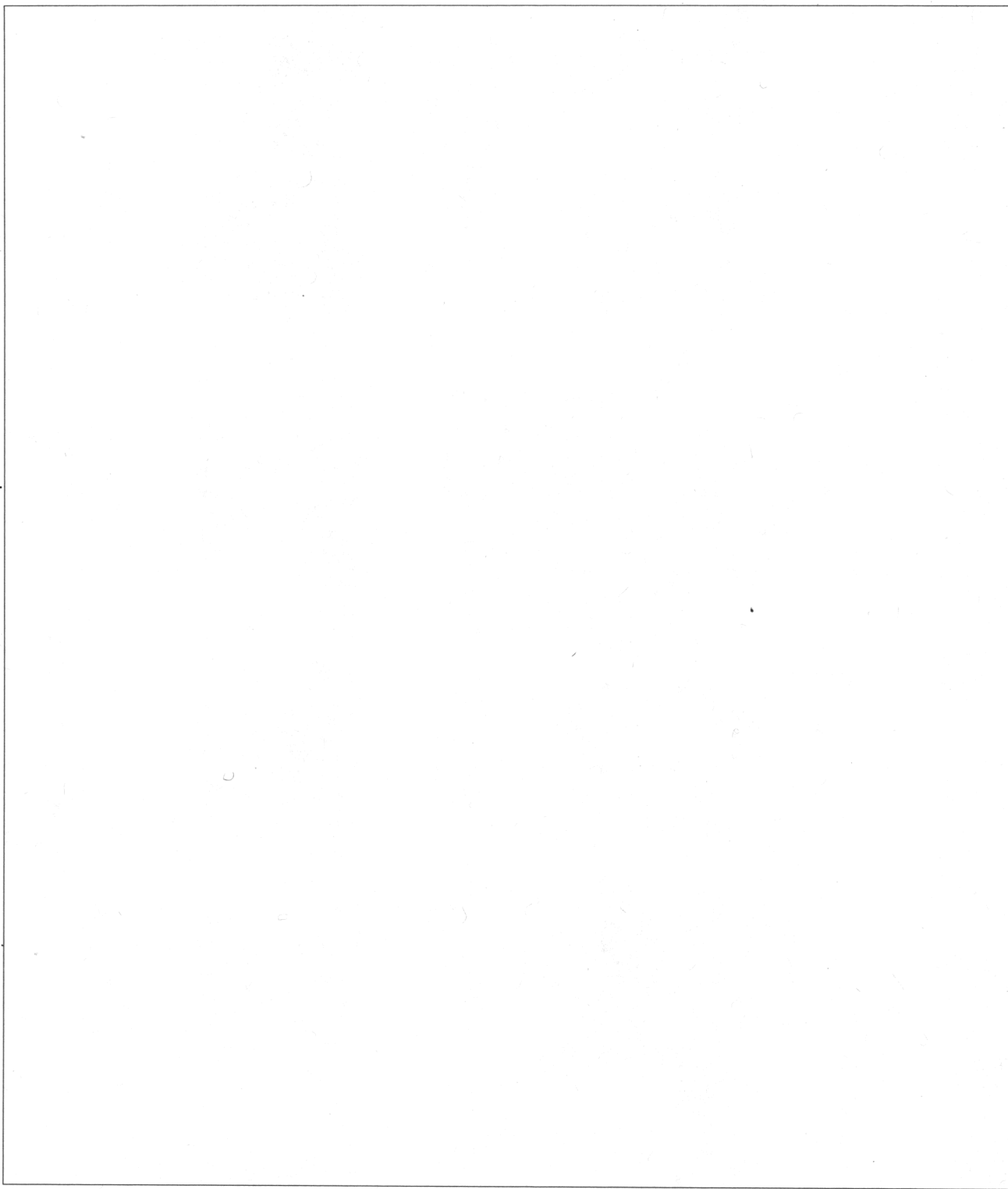
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ADMINISTRATIVE - WORKING PAPER

[REDACTED]

At noon on 16 August, Radiolehran broadcast a statement from Mosadeq dissolving the 17th Majlis and promising early elections for the next Majlis. Later that afternoon, the Station learned from the radio that the Shah had flown to Baghdad. As Roosevelt said when he returned to Headquarters after the coup: "He just took off. He never communicated with us at all--just took off." The immediate Station reaction was to try to arrange for the Shah to broadcast to his people from Baghdad as soon as possible. Headquarters was asked to have the Department of State, through the U.S. Ambassador in Iraq, press the Shah to take an aggressive stand about the events in Tehran. State, however, was firmly opposed to any U.S. effort to contact the Shah [REDACTED]

[REDACTED]

[REDACTED] The next day, Monday the 17th, the Shah did make a number of statements that were broadcast over the Baghdad

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ADMINISTRATIVE - WORKING PAPER

radio, insisting that he had not abdicated, that he was confident of the loyalty to him of the Iranian people, and that he had indeed dismissed Premier Mosadeq and appointed Zahedi under his constitutional prerogatives. On his own initiative, U.S. Ambassador to Iraq Burton Berry had seen the Shah on Sunday night, the 16th, and had suggested some ideas for the forthcoming statement that by happy coincidence were very much in line with Station thinking.

Foreign Minister Fatemi, who had been released at dawn on the 16th along with the rest of the handful of prisoners taken in the coup attempt, held a press conference at 1400 that afternoon in which he implicated the Court and blamed the Imperial Guard for planning the coup. He said that his own views would be found in an editorial in his paper, Bakhtar Emruz, which was also read over Radio Tehran at 1730--it was a long, inflammatory, and savage attack on the Shah and his dead father. Its broadcast and subsequent printing was credited with doing much to stir up the Tudeh-led anti-Shah mobs that raged through Tehran on 17 and 18 August. At the same time, the violence of its tone and language aroused much public sympathy for the Shah. Fatemi spoke again at 1930 to the crowds massed in Majlis Square, as did a number of pro-Mosadeq Majlis deputies. The Shah was sharply attacked by every speaker; there were insistent demands for his abdication, and the people were told for the first time that he had left the country.

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ADMINISTRATIVE - WORKING PAPER

On Monday the 17th, Radio Tehran began broadcasting lists of those involved in the coup attempt [REDACTED]

[REDACTED]

Rumors that these officers were to be hanged on a large gallows reportedly being constructed were widely circulated. Fatemi continued to rail against the Shah in Bakhtar Emruz, and his editorial on the 17th said, in part: "O traitor Shah, you shameless person, you have completed the criminal history of the Pahlavi reign. The people want to drag you from behind your desk to the gallows." By mid-morning, Tudeh-led mobs were in the streets of Tehran, tearing down statues of the Shah and Reza Shah, defiling them, and dragging them through the streets. When Ambassador Henderson arrived from Beirut, as scheduled, he drove back to the Embassy past the empty pedestals of the royal statues of which only the broken bronze boots remained.

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ADMINISTRATIVE - WORKING PAPER

Roosevelt had hoped that it would be possible to emphasize the religious aspects of the demonstration to be held the 19th, but if this was to be done, the mullahs wanted to hold it on Friday, 21 August, which was a religious festival day. For a number of reasons, not the least of which was the widespread rumor that the arrested officers were to be hung on the 20th, the operation could not be held off the two extra days the religious leaders wanted.

⁴⁴ Richard Cottam, in Nationalism in Iran, University of Pittsburgh Press, 1964, described (p.37) the bazaar mob in some detail, as follows: "Along with the mullahs and frequently closely allied with them are the professional mob leaders. These men typically center their activities in a varzeshgah (athletic club). There are many varieties of varzeshgahan, some of them respectable clubs which not only serve as centers for athletes but also for other valuable group activities. But the varseshgahan of the mob leaders are centers for athletic young toughs known as chaqu keshan, who can be hired for for any kind of corrupt or terroristic activity....when a sizable political demonstration is desired, the mob leaders purchase the participation of large numbers of unskilled laborers. In 1952 observers claim to have seen workers demonstrating for the Communists, for the royalists, and for the Mosadeqist National Front on successive days."

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In Washington, the Department of State and Headquarters had gotten the bad news. On the 16th Roosevelt had sent two messages to tell Headquarters that the first attempt had failed [REDACTED]

[REDACTED] He did not furnish a great deal of detail on just how bad things were, since he was well aware that the reaction would be to cut the losses, get everyone out, and scrub the show. His requests for State Department help in getting Ambassador Berry in Baghdad to instruct the Shah on what to say in his speech there were, as noted earlier, turned down. State indicated that in the absence of any satisfactory indication of possible success of the coup, the United States wished to avoid assuming responsibility for urging statements on the Shah beyond those

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he himself was disposed to make.

Tuesday, the 18th, became a day of waiting. The Shah and Queen Soroya flew to Rome from Baghdad that morning; when he arrived at 1500, he made additional statements to the press but did not issue a call to action by the forces supporting him. In Tehran, bands of Tudehites still roamed the streets, and a mob sacked the headquarters of the Pan-Iran Party [redacted] [redacted], and small Tudeh and National Front mobs fought each other. The secret police attempted to prevent the publication of opposition newspapers, but a number of them, including Dad and Shahed, were able to get on the streets with replicas of the Shah's firmans. The Tudeh Party newspaper blamed the coup attempt on Anglo-American intrigue and called for a democratic republic to replace

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the monarchy. Mosadeq's spokesmen on Radio Tehran announced that a 100,000-rial reward would be paid for information on the whereabouts of General Zahedi and that all demonstrations were banned. General Riahi addressed a meeting of all senior officers of the Tehran garrison at the lecture hall of the Military School and told them in very strong terms that they should remain loyal to the government.

Despite the ban on demonstrations, there was continued fighting in the streets on the evening of 18 August [redacted]

Mosadeq's security forces were sent out to clear the streets, and their operations took on a strong anti-Tudeh tone as they beat up demonstrators and forced them to shout pro-Shah slogans. Belatedly realizing what was happening, Tudeh leaders went out into the streets to try to talk the demonstrators into going home, but the excesses of two days of anti-Shah rioting had already done their damage.

No definitive results came from the attempt to persuade the leading Shia cleric in Com to declare a holy war against the agents of communism, although the pro-Shah newspapers had been prepared to exploit the story, if possible. [redacted]

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ADMINISTRATIVE - FORMING TOWER

[REDACTED]

[REDACTED] There were strong indications of a resurgence of support for the Shah, bolstered by the propaganda efforts of Station agents. Tudeh violence and demands for a republic were putting the continued life of the monarchy into the hands of the army and of the people of Tehran. The ultimate choice was to be theirs, [REDACTED]

[REDACTED]

Early on the morning of the 19th, pro-Shah groups began to gather in the bazaar area in south Tehran. Many of the people assembling were undoubtedly those that Kashani was paying 200 tomans (2,000 rials, or about \$26.65 at the exchange rate of 75 rials to the dollar) a head to be in the streets, but there were also many others who had been stirred up by Tudeh actions and who were looking for leadership. [REDACTED]

[REDACTED]

As the various groups of demonstrators moved northward out of south Tehran,⁴⁵ they merged as they reached Sepah Square, where they met the troops sent to turn them back. The soldiers fired hundreds of shots over

⁴⁵ The map of Tehran included as Appendix G shows the area through which the demonstration moved and its targets.

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ADMINISTRATIVE - WORKING PAPER

their heads, but whether the order to fire into the crowd was never given or was ignored, they did not shoot into the mob. Sensing that the army was with them, the demonstrators not only began to move faster but took on a festive, holiday atmosphere. [REDACTED] it had become a mob wholly different from any seen before in Tehran; it was full of well-dressed, white-collar people, carrying pictures of the Shah and shouting, "Zindebah, Shah!" (Long live the Shah!). Then, the troops began to join in the demonstration. [REDACTED]

[REDACTED]

Troops from the Imperial Guard, which had been disbanded after its involvement in the 15 August coup attempt, had gathered, and truckloads of soldiers began driving through the streets, shouting and waving pictures of the Shah. Drivers kept their lights on, as they had been asked to do as a sign they supported the Shah.

By mid-morning, after the demonstrators had reached Sepah Square and fanned out into the center of the city, General Riahi reported to Mosadeq that he no longer controlled the army, but the Premier told him to hold firm. Mosadeq's house, a prime target of the demonstrators, was being defended by Colonel Momtaz' battalion.

[REDACTED]

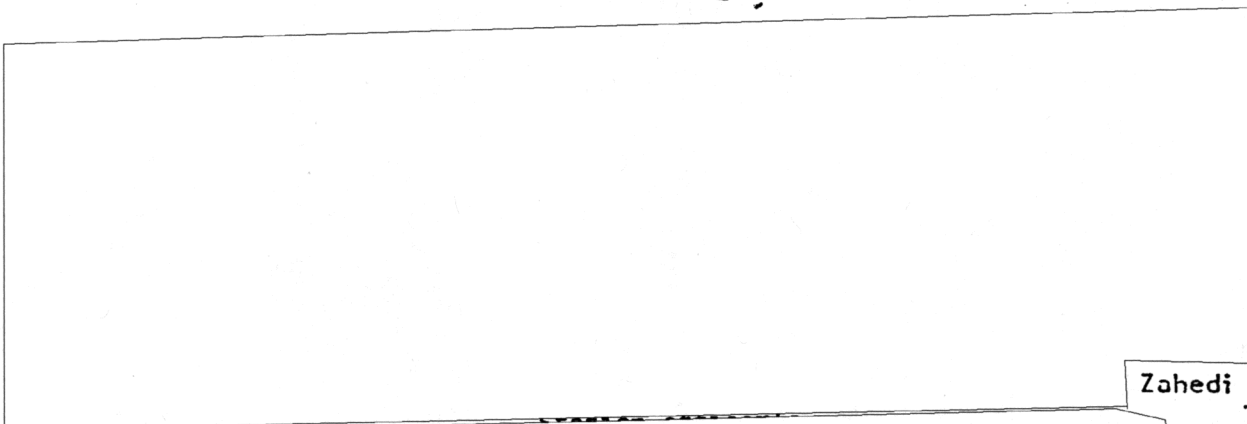
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ADMINISTRATIVE - WORKING PAPER

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Radio Tehran was a key target, since it would not only be able to broadcast the news of the success of the Shah's forces in the capital but would also help convince the provinces to join in supporting the Zahedi government. It was important, also, to get it in unsabotaged condition, ready to broadcast. During the morning hours on the 19th it had been broadcasting cotton prices, then switched to recorded music uninterrupted by news bulletins. Shortly before 1430, it suddenly went off the air, apparently as the pro-Shah troops and demonstrators took control of the building in a short, sharp struggle. When it resumed broadcasting, after a short period of "technical difficulties," all that could be heard was a confused babble of happy voices.

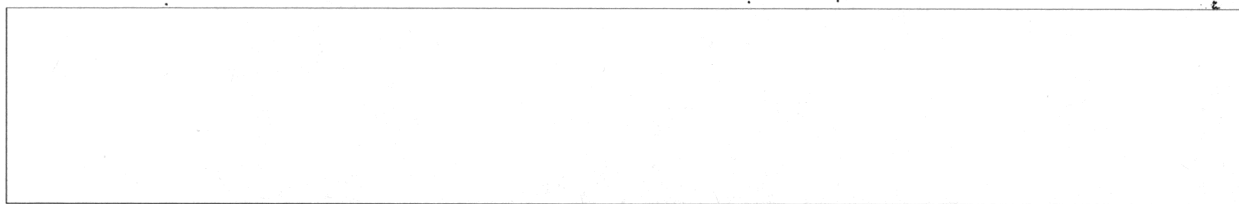
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was

Zahedi

taken

to Radio Tehran, where he made his speech. In it he promised to restore the rule of law, individual freedom, and freedom of assembly, and he added some popular items such as raising wages, cutting the cost of living, providing free medical treatment, and building more roads. The speech was recorded and broadcast again that night.



Although the Kermanshah division did not reach the capital until after the excitement was over, they had entered Hamadan enroute just as the Tudeh Party there was staging a large pro-Mosadeq demonstration, which Bakhtiar's troopers ended in short order. In the wake of the coup, Zahedi named Bakhtiar as military governor of Tehran, where he enforced martial law and was instrumental in the year that followed in removing hundreds of Tudeh members and sympathizers from the army officer corps.⁴⁶

Mosadeq's forces put up more than token resistance at Staff Headquarters and at the Premier's house, but they were quickly overwhelmed. Newspaper

⁴⁶ This experience led to Bakhtiar eventually being appointed in 1956 as the first chief of Iran's newly formed counterintelligence organization, SAVAK (Sazeman-e Etala'at va Amnyat-e Keshvar).

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ADMINISTRATIVE * WORKING PAPER

accounts of the coup, in particular Bennett Love's dispatch to The New York Times, which was based on local newspaper accounts, grossly exaggerated the casualties. Love's story//said that

more than 300 people were killed or wounded, that Mosadeq's house was stormed by Sherman tanks which in turn were battered by shells from loyalist tanks, and that Colonel Montaz, who led the defenders at the Premier's house, was "torn to pieces" by the mob. "Torn to pieces" was a favorite of Love's; he used it to describe what happened to Foreign Minister Fatemi in his newspaper office. In fact, however, casualties of the coup were relatively light considering the number of people involved; the official toll was 43 dead and 35 wounded, and neither Montaz nor Fatemi was even scratched, let alone dismembered. And Mosadeq, whom the journalists variously described as slipping up a ladder and over his back wall in his pajamas or lying weeping in bed (also in pajamas)

when the troops burst in, was not even in his house when it was attacked. He had gone next door and taken temporary refuge with U.S. Point Four chief William Warne, who was somewhat embarrassed to have a deposed Premier on his hands, even for a brief period. Over the next few days, Mosadeq and other senior officials of his government turned themselves in or were arrested.

News that began to trickle in from the provinces after Zahedi's broadcast on Wednesday afternoon was uniformly good. Radio Tabriz reported that Azarbaijan was in the hands of the army, while the station at Isfahan came on the air at 1300 with strong statements in support of Zahedi and the Shah. Kerman proclaimed its loyalty to the new government at 2000, and Meshed, though not immediately heard from, had changed sides as soon as it heard the news from Radio Tehran. TPAJAX's final details were wrapped up [redacted] loyal officers were placed in command of all units of the Tehran garrison, the seizure of key military targets was completed, and the arrest lists were carried out. The nation was under martial law, a curfew was put into

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ADMINISTRATIVE - WORKING PAPER

effect, and at 2200, Radio Tehran signed off for the night.

In Rome, the Shah was preparing to return to Iran in triumph on 22 August. In a formal statement, he said: "It was my people who have shown me that they were faithful to the monarchy and that 2½ years of false propaganda....my country did not want the Communists and therefore has been faithful to me."

IV. The Aftermath of Victory

A successful TPAJAX left behind a good deal of debris

to clean up, plus not a few complications.

Roosevelt himself left Iran shortly after the coup.

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ADMINISTRATIVE - WORKING PAPER

[REDACTED]

[REDACTED]

They were curious, of course,

as to why there had been so little reporting [REDACTED] from
Roosevelt during the three days after the failure of the first attempt
to overthrow Mosadeq. Roosevelt explained frankly and at length that if
he and his men had reported what they were doing, [REDACTED] Washington
would have thought they were crazy and told them to stop at once. Further,
had they reported in detail the reasons why they felt justified in taking
the actions they were taking, they would have had no time to carry them
out. Therefore, their course was to act, while reporting as little as
possible and assuming that they have very little more to lose and every-
thing to win. Everyone recognized, of course, that if the outcome had
been different, a substantially different attitude toward Roosevelt's
decision and actions might have emerged in many quarters. [REDACTED]

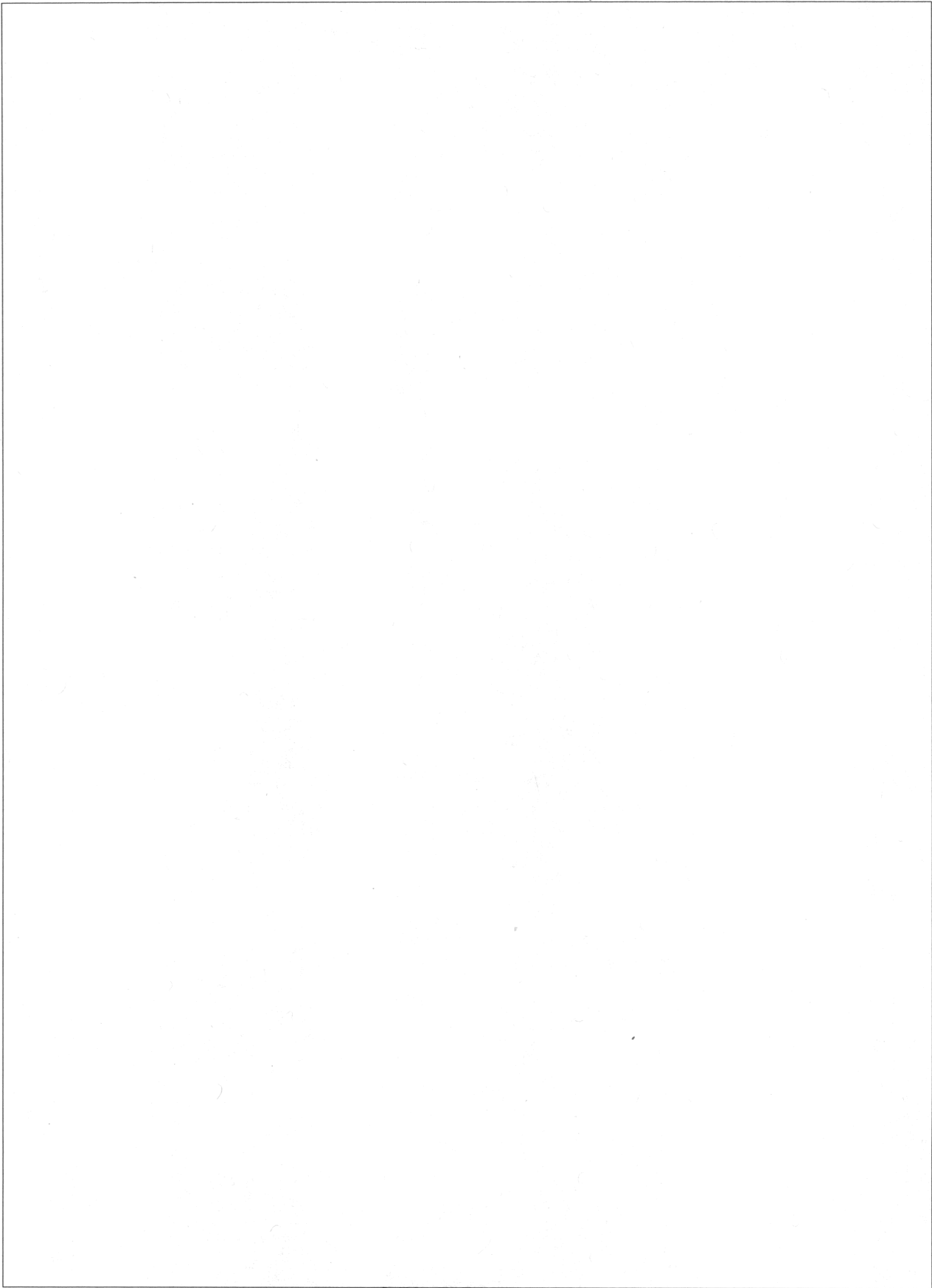
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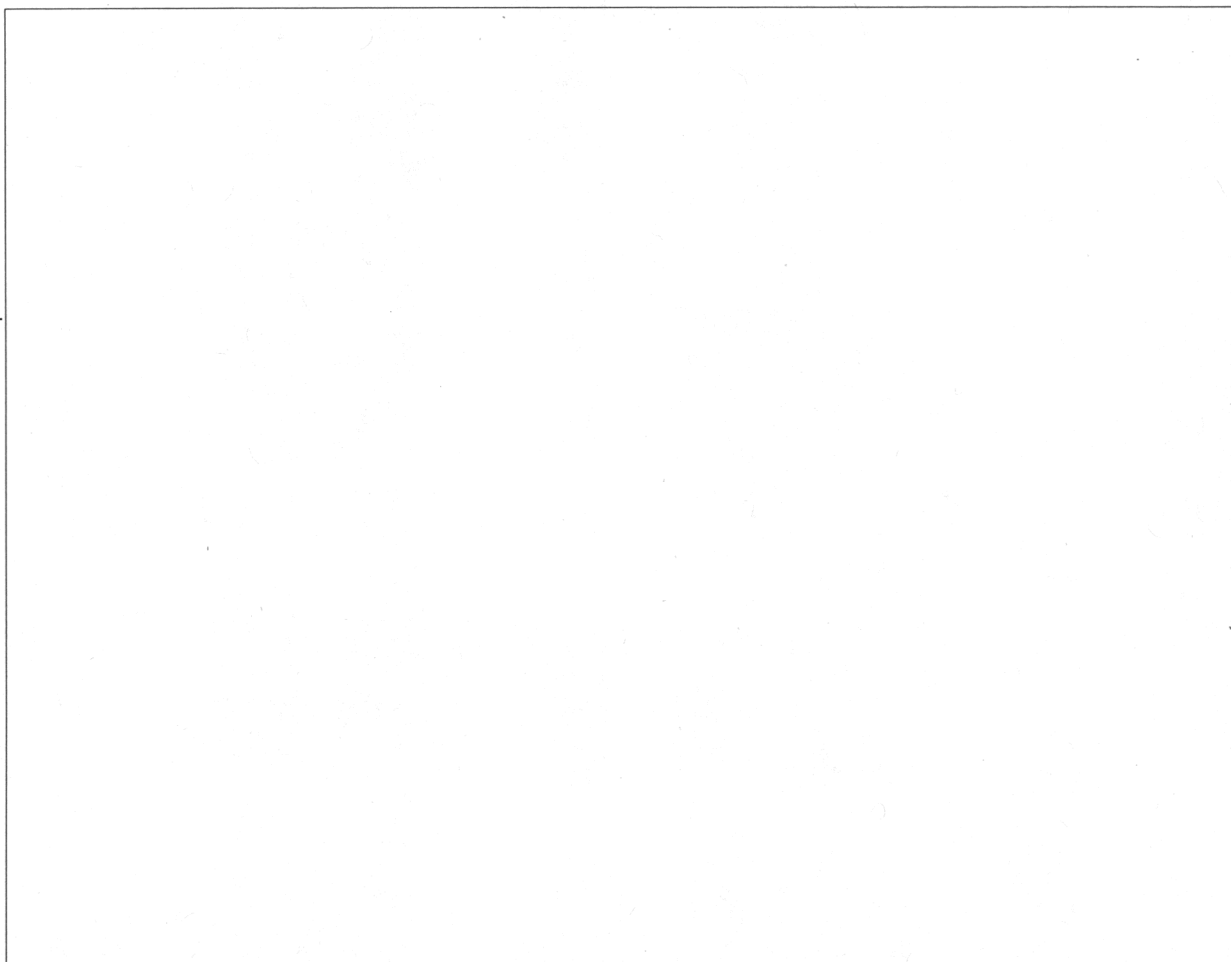
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The Qashqai had disliked Mosadeq, of course, because of his reliance on the Tudeh, but they also retained a deep-seated animosity toward the Shah, whose father had brutally pacified the tribe. When the vote of the tribal council was taken, it was by a very narrow margin in favor of peaceful acceptance of Zahedi, despite the sentiments of Khosrow and the other Qashqai khans for armed rebellion.

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It was feared that in the confusion of the coup the tribesmen might try to take advantage of the situation by a revolt against the new government. While the army might have been able to put down such a revolt in short order, the situation could have enhanced Tudeh's chances to stage a counter coup.

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[REDACTED]

After Zahedi was securely in control, several of the other tribes volunteered to take steps to control the Qashai themselves if necessary rather than have the army sent in after them. Despite their anti-Shah feelings, however, the Qashqai^{had} accepted the coup with as good grace as they could muster.

As in every fight, there were losers. Both Mohammad Mosadeq and Brig. Gen. Taqi Riahi were indicted under Article 317 of the Military Criminal Procedure, which states:

Anyone who devises a plot with a view to either overthrowing the foundation of the State, or the succession of the Monarch, or instigates the people to arm themselves against the power of the Monarchy shall be sentenced to death.

The verdict of the Military Court of First Instance and of the Military Court of Revision against the two accused was guilty, and the

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ADMINISTRATIVE - WORKING PAPER

punishment was set at three years of solitary imprisonment for Mosadeq and three years of imprisonment with hard labor for General Riahi.⁴⁹

As for the other key figures in the coup, General Zahedi served as Premier until April 1955, when he left Tehran for medical treatment in West Germany. His relationship with the Shah whose throne he had helped to save was a stormy one; they quarrelled in February 1954 regarding the elections, and Zahedi angrily objected to what he termed the Shah's "childish vacillation" over official appointments. He and the Shah were also at odds over General Batmangelich, whom Zahedi wished to dismiss from the post of army Chief of Staff.⁵⁰ In general, the Shah resented any attempt by Zahedi to take credit for the coup. In his opinion, he was the primary motivating factor and Zahedi was only his chosen instrument. He had appointed Zahedi as a strong man who could do the job that had to be done; but, once Zahedi had done it, the Shah reverted to the monarch's traditional dislike and fear of a strong man. The general's son, Ardeshir, fared better; he married Princess Shanaz, the Shah's daughter by his first marriage in November 1956 (they were later divorced), and he is currently serving as Iranian Ambassador to the United States.

⁴⁹ A summary of the court proceedings and the verdicts is included as Appendix F.

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ADMINISTRATIVE - WORKING PAPER

Col. Abbas Farzanegan [REDACTED]

[REDACTED] was promoted to brigadier general and became Deputy Minister of Posts, Telephone, and Telegraph before taking over as Minister in April 1954. He retired from the army when the Zahedi government fell a year later, moving to the United States until 1958 when he again returned to Iran. He served briefly as governor of Isfahan and then occupied a series of ambassadorial posts that included Kuwait, Norway, and the Netherlands. [REDACTED]

[REDACTED]

Col. Nematollah Nasiri, the Imperial Guard commander, was also promoted to brigadier general for his loyal service during the coup. [REDACTED]

[REDACTED]

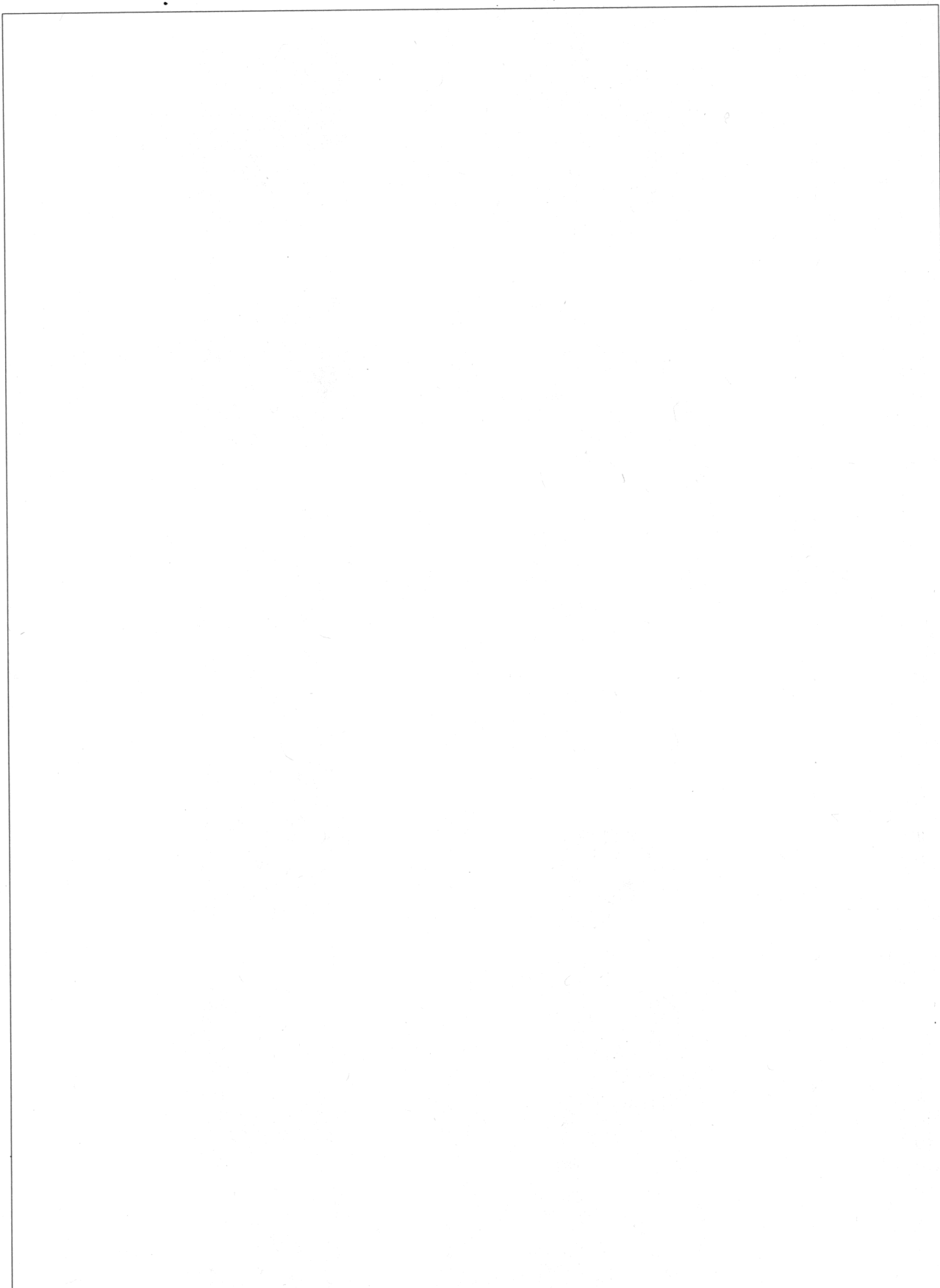
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ADMINISTRATIVE - MORNING TOWER

[REDACTED]

Looking back on TPAJAX after 21 years, the crucial moments obviously were in those [REDACTED] four long days when the operation hung

in the balance, shifting toward disaster but ready to swing toward victory if the right breaks came. As it turned out, Roosevelt was fortunate enough to get at least two very important breaks. The first,

lay in the fact that the Tudeh demonstrations of 17 and 18 August went much too far. They degenerated into vicious anti-Shah riots, and the acts of violence and desecration turned a great many people against Mosadeq and his allies. Alarmed by the open threats to the monarchy and disturbed by the Tudeh clamor for a socialist republic, the people and the army rallied to the pro-Shah demonstrators [REDACTED]

[REDACTED] on the morning of the 19th. The second break came though the tactical mistakes made by Mosadeq's followers; his Chief of Staff, General Riahi, had almost the whole story of the upcoming military coup attempt by late afternoon on 15 August, hours before the action started. All he had to ^{do} was to order the police and military security forces to start arresting officers suspected of being involved in the plot, and the coup would never have started. [REDACTED]

[REDACTED]

The failure of Iranian security in general was part of this break. [REDACTED]

[REDACTED]

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[redacted] Riahi had some evidence of U.S. involvement [redacted]

[redacted], yet his police and military allowed American cars to come and go at will, unstopped and unsearched.

V. The Long View of the Covert Action in Iran

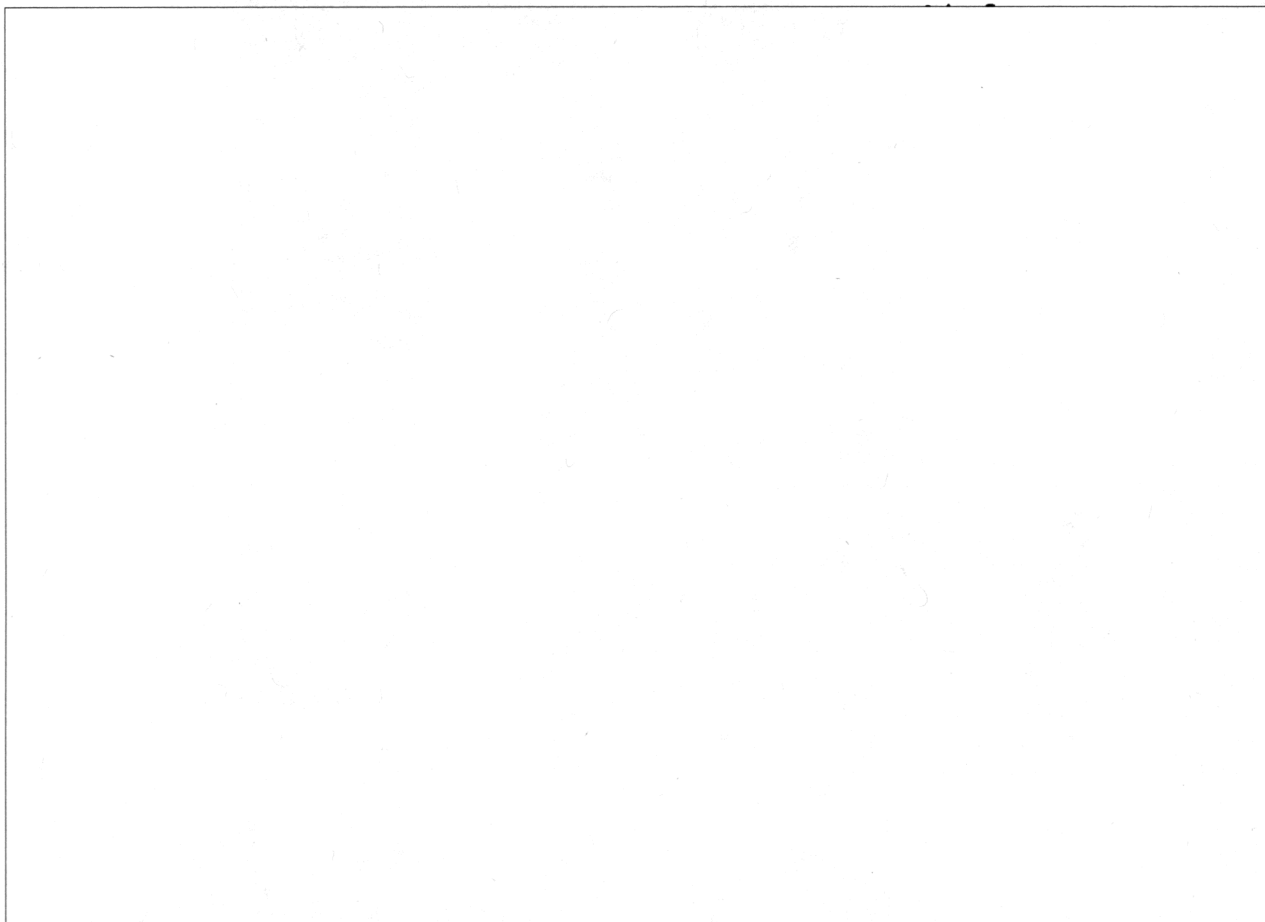
The long-term impact of TPAJAX did not, as Churchill hoped, enable the West to turn things around in the Middle East; over the years since 1953, Western influence in that region has steadily declined. But the course of Iranian history was clearly changed by the events of 19 August. While by no means a dedicated Western ally, Iran retains its fear of the Soviets, and the enormous wealth that it has gained from the increased value of oil in the 1970's has been used and is still being used to build strong military forces not only for self-defense but to support Iranian aspirations for dominance in the Persian Gulf as well. But, a powerful army, a modern air force, and well-equipped navy cannot be built in a vacuum. Changes in the country's social and economic structure to improve national health and educational levels were necessary to provide adequate manpower for these forces. The Shah's program to modernize his country has also made land reform one of its key programs; by 1963 the Crown lands had been sold to the peasants living on them, and by 1971 the government claimed that the task of redistributing the land owned by the wealthy elite was complete. There is little question as to who is running Iran, of course; the Shah has a monopoly of political power, and although parliamentary elections and procedures may furnish the window-dressing of democratic government, it is the Shah alone who determines national policy. The success of the White Revolution--that is, reform and change directed from the top--has solidified the foundations

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of the throne that seemed so shaky and insecure in the violent days
of 1952 and 1953.

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Whose Oil? An Abbreviated History of the Anglo-Iranian Oil Dispute, 1943-53

In 1372, the then Shah of Persia, Naser ad-Din, in return for much-needed cash, gave to Baron Paul Julius de Reuter a concession to exploit all his country's minerals (except for gold, silver, and precious stones), all its forests and uncultivated land, and all canals and irrigation works, as well as a monopoly to construct railways and tramways. Although the resulting uproar, especially from neighboring Russia, caused this sweeping concession to be cancelled, de Reuter, who was a German Jew with British citizenship, persisted and by 1889 regained two parts of his original concession--the operation of a bank and the working of Persia's mines. Under the latter grant, de Reuter's men explored for oil without great success, and the concession expired in 1399, the year the Baron died. Persian oil rights then passed to a British speculator, William Knox D'Arcy, whose first fortune had been made in Australian gold mines. The purchase price of the concession was about 50,000 pounds, and in 1903 the enterprise began to sell shares in "The First Exploitation Company." Exploratory drilling proceeded, and by 1904, two producing wells were in. Shortly thereafter, ^{British} interest in oil was sharply stimulated by the efforts of Admiral Sir John Fisher, First Lord of the Admiralty, to convert the Royal Navy from burning coal to oil. As a result, the Burmah Oil Company sought to become involved in Persian oil and, joining with D'Arcy and Lord Strathcona, formed the new Concessions Syndicate, Ltd., which endured until 1907 when Burmah Oil bought D'Arcy out for 200,000 pounds cash and 900,000 pounds in shares. Burmah's first gusher came in ^t _A 1,180 feet in May 1908, near Masjed Soleyman, and a year later, after some complicated financial

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dealings in London, the Anglo-Persian Oil Company (APOC) was born, incorporating the shares and rights of the earlier concessionaires. The company chose Abadan as the site of its refinery and made local ^{physical} arrangements for its security with both the Shiekh of Mohammerah and the Bakhtiari tribal khans; the former was paid an annual rental and was promised continued autonomy from Tehran, while the latter were to receive 3% of net oil revenues (to be paid out of the Persian government's share of 16%).

When Winston Churchill became First Lord of the Admiralty in 1911, his persistent prodding changed the Royal Navy over to oil. To ensure a source of cheap oil, the British government became a major ^(51%) shareholder in the APOC in 1914, adding 2 million pounds in capitalization and signing a 30-year contract for fuel oil at cut rates (Churchill wrote in 1923 that this contract had saved Britain no less than \$7.5 million on its wartime oil purchases).

Differences as to how profits were to be shared between the Persian government and the APOC began after ^{World War I} ~~the~~. The company claimed that Persia's share of the profits applied to the earnings of the three subsidiaries actually operating in Persia (based on Article 1 of the D'Arcy concession, which defined its limits as "throughout the whole extent of the country"). Persia claimed it was entitled to a share of the profits from all operations, including extracting, producing, refining, and marketing its oil, wherever these operations might take place. There were also problems over British claims for wartime damage to pipelines by Bakhtiari's incited by German and Turkish agents. The British attempt to negotiate a settlement calling for new profit-sharing arrangements fell through in 1920, and the relationship tottered along under the old agreement until 1933.

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In 1921, Reza Khan, a colonel ^{Commanding} of the Iranian ^{Division,} ~~cossacks (formed~~
~~in 1279 by Russian officers loaned by the Czar, whose Cossack escorts~~
~~Nasir al-Din Shah had admitted on a visit),~~ seized power by deposing the
government of the
last Qajar Shah. He visited Abadan after becoming Shah himself in 1925,
and his account of the trip gave warnings of things to come. He noted
that of the 29,000 employees in the oilfields and refinery, 6,000 were
foreigners, and he expressed concern that so few Persians were being
trained for higher level posts. He also saw that the British staff
enjoyed an obviously higher standard of living than the others, and that
while the refinery area appeared prosperous, the surrounding districts
had not felt any positive impact from this major industry in their area.
Finally, he was disturbed by a manager's description of cutting down pro-
duction in order not to upset world markets--but at a loss to Persia.

So, Persian dissatisfaction continued to build up until November 1932,
when the government notified the company that the D'Arcy concession, signed
under the Qajar regime, was annulled and a new concession would be granted
on the basis of equity and justice. This new concession was not easily
arrived at--the British government referred the annulment to the League of
Nations, whose Council sent Dr. Eduard Beneš of Czechoslovakia to reconcile
the two sides. Two legal points were thus established that were to affect
the later dispute in 1951: the right to annul the concession was recog-
nized, and the League accepted the viewpoint of the British that such a
case could be brought to the Council under Article 15 of the Covenant (which
provided for a hearing on disputes between members that were likely to lead
to a rupture in diplomatic relations and for the solution of which no legal
recourse existed). The two parties finally worked out a new concession
agreement that was ratified by the Majlis (the ~~lower house of the~~ Persian

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parliament) and signed by Reza Shah on 28 May 1933; it extended the life of the concession to 1993 and set up a new royalty basis. By its terms Persia would receive 4 shillings on every ton of oil sold in Persia or exported, plus 20% of the dividends over £671,250 distributed to shareholders, with a minimum dividend of £750,000 per year. To avoid Persian taxation, the company agreed to pay a small additional royalty on tonnage, and it would continue to pay British taxes out of gross profits.

It was the oil business as usual until the summer of 1941 when Germany invaded the Soviet Union. Because German influence in Iran (as Persia was renamed in 1935 by Reza Shah) had grown significantly and because the country was the best route for Allied supplies going to the beleaguered Soviets, the Allies determined to send in occupation forces. In August Russian troops took over the five northern provinces, British forces went into the south, and the area around Tehran was neutralized. Following three days of futile and desultory resistance, the Iranian army collapsed and the Shah abdicated in favor of his young son, Mohammad Reza Pahlavi; thus Iran was an occupied country until 1946. Abadan continued to produce petroleum products for the Allies, but the Soviets took advantage of the situation and attempted to obtain an oil concession in the north. In late 1944, the Soviets were advised by Premier Sa'ed that the cabinet had ruled out the granting of further concessions until after the war. When pressure was applied through the leftwing parties, Sa'ed resigned, at which point the Majlis passed a bill introduced by Dr. Mohammad Mosadeq forbidding any discussion of or signing agreements for an oil concession with any foreign representatives. The bill passed, despite Communist opposition, thereby blocking a Russian concession, but in the course of the debate the possibility of revoking the

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AIOC concession was seriously raised. Despite the law, Premier Qavam in April 1946 signed an agreement giving the U.S.S.R. an oil concession in northern Iran. The Majlis refused to ratify the concession, and in the bill rejecting it, the legislators declared that it was forbidden to grant any concession to export oil to foreigners; further, they instructed the government to look into possible violation of the rights of the people in connection with the southern oil concession held by the AIOC.

With the wartime occupation over, the British oil managers began to have labor troubles. The 1946 general strike was settled with a pay raise, but this was only the start. In 1947 the Iranian Ministry of Finance sent a delegation to London to discuss money due the Iranian government, various employee grievances, reduction of foreign staff, expansion of local distribution facilities, and the AIOC policy of concentrating refining activities outside Iran. To these complaints, the company, obviously feeling secure in the legality of its concession, was relatively unresponsive.

The law of 22 October 1947 instructed the ^{Iranian} government to open discussions with the AIOC to secure the nation's rights to its oil resources. These "discussions" started more than 5 years of bargaining and debating, proposal and counterproposal, charge and countercharge, until they eventually reached the Security Council of the United Nations. The Iranians led off in August 1948 with a 50-page memorandum that listed 25 points that were to be discussed with the company in implementing the 1947 law. The main items on this list included British taxation of Iran's share of oil profits, Iran's ultimate rights to AIOC installations outside the country at the end of the concession (it had already been promised those in Iran), reduction in the number of foreign employees, ^{termining duration} the ~~length~~ of the concession (by 1993,

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the Iranians felt, they would have little oil left in the ground), the royalty basis, and tax and custom exemptions. Negotiations with company representatives began the following month, continuing intermittently thereafter. Shortly before the 16 January 1949 attempt by a Tudeh Party member to assassinate the Shah at Tehran University, Premier Sa'ed identified higher profits and more Iranian employees as his main goals in these discussions; he pointed out that Iran's oil royalties for 1947 were just over \$7 million, whereas the AIOC had paid some \$15 million in British income taxes. Specifically, Iran wanted control of the company's operations as well as a 50-50 split of the net profits. On 5 May 1949, AIOC chairman Sir William Fraser came to Tehran with a draft of the "Supplemental Agreement," and this draft was basically the agreement signed by the government and company on 17 July. The royalty payment was increased from 4 to 6 shillings per ton, and Iran was to get 20% of the distributed profits (with a minimum of \$2.5 million) and general reserve, terms well short of the 50-50 sharing Iran wanted and which the American executives of ~~Aramco~~ were in the process of agreeing to give Saudi Arabia. The agreement was sent to the Majlis on 19 July, and debate began on 23 July, lasting 4 days before the 15th Majlis formally went out of existence. The oil agreement bill as well as the new election bill were left over to the next Majlis.

Elections for the 16th Majlis began in the fall of 1949 and were finally completed in March 1950, with Dr. Mosadeq and his eight ^{National Front} followers leading in the balloting in Tehran. Ali Mansur became Premier, and in June the oil agreement was turned over ^{for study} to the 13-man special oil commission that included Mosadeq and five other members of the National Front. Six days later, the Shah dismissed Mansur and appointed General Ali Razmara, former Chief of Staff, as Premier. The commission reported back to the Majlis.

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~~Supposedly~~ that the agreement was not adequate to secure the rights of Iran and that it was opposed to its ratification. The Minister of Finance then withdrew the agreement, announcing that negotiations for increased royalties would be reopened with the AIOC.

In February¹⁹⁵¹, the AIOC offered Iran an agreement similar to Aramco's, including the 50-50 profit sharing, but it was too late; the National Front was intent on nationalizing oil and it dominated the Majlis. The oil commission indicated it, too, favored that course, despite the report from the experts appointed by Razmara to study the feasibility of nationalization. The experts had pointed out Iran's lack of technical and financial expertise, plus the facts that the concession could not legally be cancelled, that Iran would be liable for up to \$500 million in compensation, that heavy losses in foreign exchange and prestige would result, and that it would be unwise to antagonize Britain. On 7 March General Razmara was shot and killed by a member of Fedayan Islam, a rightist terrorist group, and Hosein Ala succeeded him as premier.

When the Majlis in mid-March unanimously accepted the principle of nationalization, the British Foreign Office notified the Premier that an act of nationalization would not legally terminate the oil company's operations. Shortly thereafter, strikes broke out in the south as a result of the company's cutting a hardship allowance for Iranian workers in certain areas plus other grievances. Martial law was declared on 26 March, and in early April rioting began in Abadan that did not end until troops fired into the crowd; 6 were killed and 30 wounded, and two British oil workers and a sailor were also killed.

As members of the National Front were presenting their draft of an oil nationalization law to the special oil committee, Premier Ala resigned.

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The Majlis approved the law and at the same time voted to recommend to the Shah the appointment of Mosadeq as Premier; the Senate followed suit. The Shah acceded, appointing Mosadeq on 29 April; two days later he signed the nine-point law that in broad terms ordered the government takeover from the AIOC. The company's response was to hold up the May monthly advance payment of \$2 million and to ask that entire oil problem be submitted to arbitration, a request that Iran did not acknowledge. On 25 May the British government brought the matter before the International Court of Justice, the same day it despatched the 16th Independent Parachute Brigade Group to Cyprus; two Royal Navy cruisers and three frigates were already in the Persian Gulf area. In addition to the ^{British} government's request, the AIOC asked the ICJ to appoint an arbitrator, as provided in the 1933 concession agreement. The Iranian view of these appeals to The Hague was simple: Iran did not recognize the competence of the court to deal with the matter, which concerned Iran's internal affairs.

The United States became seriously involved in these discussions for the first time in mid-May 1951. A State Department statement of 13 May urged both sides to try to find an agreeable compromise solution; it noted that the United States recognized the sovereign right of Iran to control its resources and industries but said that the technical knowledge, capital, and transport and marketing facilities were all controlled by the AIOC. It further stated that U.S. oil companies had indicated that they would not, in the face of unilateral Iranian action against the AIOC, be willing to undertake operations in Iran or provide technicians to work there. The note pleased neither Iran nor Britain, which was the object of U.S. pressure to accept the nationalization concept and work toward a compromise. At President Truman's urging, conveyed through Ambassador Grady in Tehran and

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by letters to Prime Minister Atlee and Premier Mosadeq, the British agreed to send a delegation and the Iranians agreed to accept it.

Talks got underway on 14 June, with the Iranians demanding that the AIOC hand over 75% of net oil revenues since 20 March and put the other 25% into a bank, presumably to be eventually paid ^{back} as compensation. The British, 5 days later, proposed that a new company be established by the AIOC to operate the oil industry on behalf of Iran; the profit split would be 50-50. No compromise between these two points of view appeared possible, and on 21 June the British went back to the ICJ with a request for an injunction to halt the nationalization process until the court had ruled on the original U.K. application. Since Iran had already refused to recognize the court's jurisdiction, it was not represented when the court issued an order to maintain the status quo as of 1 May 1951, with a Board of Supervision consisting of two Iranians, two Britons, and one individual of another nationality empowered to run the industry.

Iran ignored this order and prepared to move the managers of the National Iranian Oil Company (NIOC) into Abadan, while the AIOC began to slow down the output of the refinery and prepare for evacuation. Export of oil stopped, and in the face of an antisabotage law introduced in the Majlis, the British staff resigned. Mosadeq wrote to President Truman on 27 June, complaining about the British attitude and the actions of the British technicians, whom he wished to retain as contract employees to run the oil industry. Truman's reply on 9 July stressed the U.S. desire for a peaceful settlement and urged Mosadeq to go along with the ICJ order; he also offered to send his foreign policy adviser, Averell Harriman, to Iran to help work out a solution. Mosadeq agreed to accept

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Harriman as a mediator, provided that any scheme he suggested would be consistent with the nationalization law. Harriman's arrival in Tehran on 15 July was hardly auspicious; in the course of a massive demonstration against the United States, Tudeh mobs fought with the National Front and other elements; the police and then the army intervened, and 15 people were killed, over 200 wounded (the Minister of Interior, General Zahedi, resigned as a result of the criticism he received over the handling of the demonstration).

Seeking to find some common ground for agreement, Harriman persuaded Mosadeq to enter into further discussions on how to implement the law, contingent on the British accepting the principle of nationalization. He flew to London to arrange for a new British mission to Iran but found the Labor cabinet insistent on an improvement in conditions in the oil area, including "an end to provocation of British staff." Compromise versions of the messages between the two governments were worked out by Harriman, and Prime Minister Atlee and Foreign Secretary Morrison agreed to send Richard Stokes, Lord Privy Seal, as the head of a high-level delegation to Tehran. Stokes' proposal, after preliminary meetings with the AIOC staff in Abadan, was very similar to the earlier British suggestion that an AIOC purchasing organization, with Iranian representation, handle the marketing of the oil as a monopoly, with profits evenly divided. Iran, of course, would not give up the idea of nationalization and said it would discuss only three points--the purchase of oil for British needs, AIOC claims for compensation, and conditions required for continued employment of British technicians. At a private meeting of Harriman, Mosadeq, and Stokes, the latter suggested that a British general manager be appointed, to act under direction of the AIOC. The Iranians would not

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accept this, proposing instead a board of management composed of experts from countries "with no special political interest" in Iran. Stokes would not even discuss this point and returned to London on 23 August. ¹⁹⁵¹
U.S. Ambassador Grady was replaced in Tehran on 11 September by Ambassador Loy Henderson, and Mosadeq was advised by Harriman from Washington that his proposals were not workable since they did not conform to the practical and commercial aspects of the international oil industry. Iran told the small British staff still in Abadan that it must leave the country within a week from 27 September, and on 4 October the last of the AIOC personnel duly left Iran.

In the meantime, the British government asked that the case be considered by the U.N. Security Council as a potential threat to world peace, and on 1 October the Council agreed to put the question of intervention on its agenda. Mosadeq flew to New York to present Iran's case. The Security Council listened to both sides, debated the British resolution from 15 to 19 October, and finally decided to adjourn the question until after the ICJ had ruled on its own jurisdiction. In the British general elections shortly thereafter, the Conservatives were returned to power, with Winston Churchill as Prime Minister and Anthony Eden as Foreign Secretary; in a speech in Commons, Eden declared there were three elements that would be involved in a satisfactory solution to the problem--first, the Iranian economy depended on efficient operation of the oil industry; second, the benefits must be shared between Iran and the developers of the oil resources; and finally, fair compensation must be paid for the act of nationalization.

The ICJ met on 9 June 1952, and the legal arguments eventually were reduced to the interpretation of the Iranian declaration of 2 October 1930

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recognizing the Jurisdiction of the Permanent Court of International Justice (predecessor to the ICJ) in disputes "arising after the ratification of the present declaration with regard to situations or fact relating directly or indirectly to the application of treaties or conventions subsequent to the ratification of this declaration." The legal points at issue were whether the dispute related to a treaty or convention and, if so, was it a treaty or convention covered by the declaration? The court finally ruled that the word "subsequent" referred to "treaties" and not "situations" and that since the oil concession was not a treaty, it did not have jurisdiction. The British thus lost their ICJ case and with it their chance to have the Security Council pass on their resolution.

The matter nonetheless remained at an impasse. While the nations involved waited nearly 8 months for the ICJ ruling, other compromise solutions were sought. In November 1951, officials of the International Bank for Reconstruction and Development (IBRD) proposed that the bank finance, as trustee, the production and refining of Iran's oil and then sell it to the AIOC at current Persian Gulf oil prices, Iran to receive payment at these prices, less an agreed discount which would go to the AIOC. The British were willing to go along with this if AIOC technicians would be employed, but Iran would not agree to either the technicians or the discount. The IBRD tried again, proposing a neutral board of management responsible to the bank which would arrange a bulk export contract for the sale of oil through established distribution channels; the profits would be divided three ways--one share to Iran, one to the bulk purchaser, and one to be held in reserve by the bank. However, on the question of non-Iranian management, the use of British technicians, and the selling price of the oil, the negotiations ultimately broke down. The IBRD

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mission returned to New York on 23 March 1952. At about the same time, President Truman notified Mosadeq that the United States would not give Iran a loan of \$120 million at a time when the country had an opportunity to get "adequate revenue" from its oil resources; he thus none too subtly pressed Mosadeq to settle the oil dispute.

Relations between the Iranian and British governments deteriorated steadily. Iran attempted to sell the oil stored in the tanks at Abadan to Italian and Japanese firms, but AIQC action in the courts plus the cooperation of the international oil industry with the British limited the amounts of oil that could be delivered. In January 1952, Mosadeq had ordered all British consulates closed; he followed that by closing all foreign information and cultural centers in Iran. He made some attempt to reach agreement with the British on compensation, but his proposals included large offsetting amounts for unpaid royalties and other payments stopped by the cessation of oil production in 1951. When the British in October 1952 described his final proposals as "unreasonable and unacceptable," Mosadeq broke off diplomatic relations with the United Kingdom.

The premier in the meantime had scored internal political victories of his own. Relected by the new Majlis in July 1952, he asked for six months of emergency powers to rule by decree in order to deal with the critical economic situation. When the Shah refused, Mosadeq resigned, and Qavam was appointed in his place; the result was four days of rioting by both Tudeh and the National Front. Qavam ^{then} resigned, and on 23 July Mosadeq again became premier; his political ally and one of Tehran's best known religious figures, the mullah Ayatollah Kashani, was named Speaker of the Majlis, which then voted Mosadeq decree powers for one year. The Senate and the Shah concurred, and the stage was set for the anti-Shah

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political maneuvering of early 1953, during which Mosadeq permitted the Tudeh Party and its front groups considerable freedom, perhaps with the idea of pressuring the United States to come to Iran's aid. Implied threats to turn to the Communists were contained in a Mosadeq letter of 28 May 1953 to President Eisenhower requesting a large loan, and the Eisenhower reply, as a matter of policy, was cold in its rejection of this threat and its accompanying bid for help. Eisenhower's letter concluded:

I fully understand that the Government of Iran must determine for itself which foreign and domestic policies are likely to be most advantageous to Iran and the Iranian people. In what I have written, I am not trying to advise the Iranian Government on its best interests. I am merely trying to explain why, in the circumstances, the Government of the United States is not presently in a position to extend more aid to Iran or to purchase Iranian oil.

In case Iran should so desire, the United States Government hopes to be able to continue to extend technical assistance and military aid on a basis comparable to that given during the past year.

I note the concern reflected in your letter at the present dangerous situation in Iran and sincerely hope that before it is too late the Government of Iran will take such steps as are in its power to prevent a further deterioration of that situation.

Following the August 1953 coup that overthrew Mosadeq, the oil dispute was settled along the lines that had been proposed to Mosadeq-- the oil industry was nationalized, but its operations were directed by a group of foreign oil companies. The details of this arrangement were worked out by a series of conferences, but Herbert Hoover Jr., as special oil adviser to the Secretary of State, had an important role in convincing the Iranians of the wisdom of dealing with a "consortium." Between Hoover's initial visit to Tehran in October 1953 and the announcement of a new agreement in August 1954, Britain and Iran resumed diplomatic relations. Under the terms of the agreement, the National Iranian Oil Company delegated basic operations in 100,000 square miles of southwestern Iran to an international consortium known as Iranian Oil Participants, Ltd., until

* See attached map of concessions.

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1979, with an option of extension to 1994. British Petroleum, the new name of the AIOC, owned 40%, Royal Dutch-Shell 14%, Compagnie Francaise des Petroles 6%, and U.S. oil companies 40% (7% each to Standard Oil Company of New Jersey, Standard Oil Company of California, Socony Mobil Oil Company, The Texas Company, and Gulf Oil Corporation, and 5% to Iricon Agency, Ltd., comprised of nine small U.S. oil companies). Since 1954 the AIOC has carried out a number of operations of its own, and, after the passage of a new oil law in 1957, has allowed Italian, U.S., and Canadian companies to explore for oil and conduct operations outside the consortium's territory. The consortium has produced 90% of Iran's oil, however, and the rate of production has been the highest in the world, increasing at an annual rate of almost 14% in the 1960's and reaching 1.7 million barrels in 1971, which was 10% of world output and second largest production in the Middle East. Price increases levied by Iran and other Persian Gulf members of the Organization of Petroleum Exporting Companies in 1971 and 1972 resulted in an estimated \$14 billion for those years, and the Middle East oil crisis of late 1973 raised prices even higher. Iran is currently very concerned about its estimated reserves, which at current rates of extraction may barely last until 1994. Oil accounts for 23% of Iran's GNP, including some 35% of its foreign exchange earnings and 60% of its budgetary revenues.

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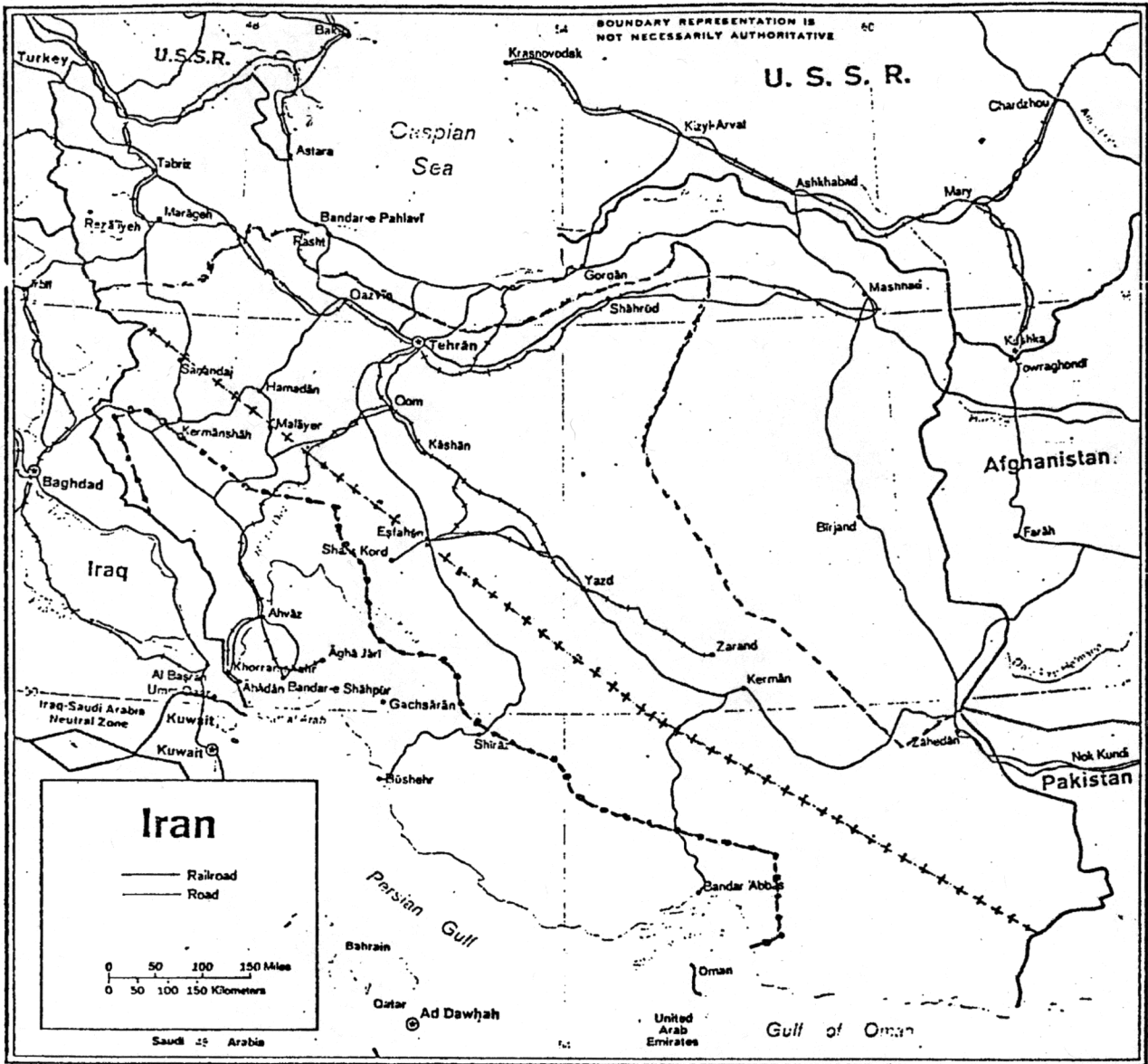
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Map, Appendix A



Oil Concession Boundaries

APOC concession, 1901 - - - - -

APOC concession, 1933 - + + + + + + + + + +

Consortium concession, 1954 -

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Biographic Sketches

APPENDIX B

MOHAMMAD MOSADEQ:

The bare bones of the life of the man who was Premier of Iran from 28 April 1951 to 19 August 1953 and who was the target of TPAJAX ^{are there:} ~~are there:~~

He was born about 1331 (1873 or 1379 are probably more accurate dates, but 1331 was always given as his official birth year because of the restrictions on the ^{maximum} ~~age~~ ^{age} of Majlis deputies) in Tehran, his mother ~~being~~ ^{being} a member of the ruling Qajar dynasty and his father the Minister of Finance for some 30 years. His family background was thus the elite, wealthy, landowning class. His secondary education ~~barely~~ ^{was} complete, Mosadeq was sent to Khorasan as the Shah's financial agent while barely out of his middle teens. In 1906, forced into exile because of his role in the Constitutional Revolution that year, he went to Europe to study law at Paris, Liege, and Neuchatel, earning his LL.D. from the last institution in 1914. Returning to Iran, he was elected to the Majlis in 1915, serving on its financial committee. As Under Secretary of Finance in 1917, he resigned after only a few months in office because he was prevented from carrying out reforms in the notoriously padded payroll system. He became governor of Fars Province in 1921, but his criticism of Reza Shah led to arrest in 1930 and exile to the villages. He was again arrested in 1941 but was released in the general political amnesty after Reza Shah's abdication. Mosadeq was again elected to the Majlis in 1944, where in 1947 he organized the National Front, a small, tightly knit, and highly influential group. As a member of the oil commission, he gained in influence not only in the Majlis but among the people, and his April 1951 appointment as Premier was at the Majlis' request. From then until his removal from office in August 1953, he concentrated his energies on expropriating the British-owned

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oil industry in defiance of Western attempts to negotiate a settlement that stopped short of complete nationalization. Sentenced to three years in prison in a post-coup trial, he was eventually pardoned by the Shah in August 1956, but he was forced to remain in his village of Ahnabad under virtual house arrest for the 11 years until his death in March 1967. He had suffered from cancer of the jaw and finally succumbed to internal bleeding after two operations in Tehran.

The above facts ^{often bizarre} do little to explain his behavior as a politician, but ^{even} most of his actions, even his most emotional and apparently irrational ones, were probably well calculated. The popular world image of him as an enfeebled old man, given to hysterical weeping and fainting spells, served his own purposes and gave him tremendous leverage among his people. He used the accepted belief that he was ill and weak to avoid things or people he did not want to face, and his apparent physical debility added to the drama of his personality, which in public speeches was capable of moving ^{even} his opponents.

Mosadeq's power rose from his consummate ability to appeal to national aspirations and emotions. By attempting to deal with a heated political problem in logical, rational terms based on economic facts, the British were unable to achieve anything in the oil dispute but to unify the people of Iran. Reza Shah had held power for 20 years by appealing ^{ing} to latent Iranian nationalism; Mosadeq used this awakened nationalism and the desire for independence to keep himself in power and to defy Britain. His speeches and programs appealed to social discontent, xenophobia, religious fanaticism, and national pride in past glories. His enormous gamble on the oil issue, based on his belief that Britain

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and the United States would not let Iran go Communist, was part vanity, part Islamic fatalism. He utilized foremost the technique of opposition--his nine-man National Front opposed every government in power, whether under Sa'ed, Mansur, Razmara, or Ala--and then, once Premier, his single plank was opposition to the British over the oil question.

Mosadeq was antagonistic to the Shah for many reasons: his mother was a Qajar, whose family was overthrown by the Shah's father, the same man that had exiled and then imprisoned him; in addition, he had long believed in constitutional reform to reduce the power of the monarchy. He opposed the army because it had brought Reza Shah to power and was the main source of support for Mohammad Reza Shah; by retiring senior officers and putting in his own Chief of Staff, the young, French-trained Brig. Gen. Taqi Riahi, he had obtained a degree of control over the army. But, by so doing, he set the stage for the officer corps to turn against him. His own extreme nationalism, fantasies of omnipotence, and lack of conscience--in manipulating Tudeh, at the risk of it getting out of control as it did in the streets of Tehran on 18 August, were the seeds of his own eventual downfall. But he was a most unusual man, one whose character caught the world's fancy, even as he drove his countrymen toward disaster. At any time in 1951 or 1952 he could have had the same compromise through which his successors gained a nationalized oil industry efficiently run by foreign experts to give Iran the revenue that financed the Shah's White Revolution. He chose to gamble on total victory over Britain, the United States, and the international oil industry--and he lost.

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MAJ. GEN. FAZLOLLAH ZAHEDI

Born in 1897 in Hamadan, Zahedi graduated from the Military School in Tehran and served during the years of World War I and the postwar period under Reza Khan, then a colonel in the Cossack Brigade*. As a combat officer, he was decorated for action against assorted bandits and insurgents, including rebellious Kurds, Lurs, and Turkomans. He had become a division commander by 1942, after service as head of the Gendarmerie and the Tehran Police, but he was arrested by the British that year for pro-German activity (his name was found in the papers of Franz Mayer, a principal Nazi agent in Tehran, as an officer who would protect German agents) and deported to Palestine, where he was held until 1945. Despite his arrest and subsequent three years in a detention camp, he did not become fanatically anti-British as did many xenophobic Iranians. Returning to Tehran after the war in 1945, he was given command of the Fars Division and promoted to major general. In 1948, as Inspector General of the army, he was severely injured in a tank accident, losing four ribs, and after 7 months of medical treatment in Germany, some of it by U.S. Army doctors, he was retired in May 1949. The Shah made him his honorary adjutant, and in November 1949 appointed him Director General of the Tehran Police. In April 1951 Zahedi became Minister of Interior in the Ala cabinet and was retained in that post by Mosadeq when he became Premier. He resigned in August 1951, following

* There was a Cossack Brigade in the Persian Army solely because Nasr-ed-Din Shah visited Russia in 1878 and was provided with a Cossack escort by the Czar. The Shah was so impressed by the Cossacks that he asked the Czar to send him Russian officers to organize such a unit in his own army. The Brigade retained Russian senior officers and noncoms until 1920, and as long as it was in existence, it was the best trained and most professional unit in the army

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the anti-U.S. riots in Tehran on 15 July in which the mob got out of hand and the army had to be called in to fire on them, with the result that many died and hundreds were wounded, on both sides. He was a prime suspect of the Mosadeq government as a potential coup leader and was briefly arrested in February 1953.

ARDESHIR ZAHEDI

Born in December 1927, General Zahedi's son, Ardeshir, was educated at the American University in Beirut and at Utah State University where he earned a BS degree in 1950. Because of his training and language ability, he served with the Rural Improvement Commission which was administering U.S. technical assistance until he was forced to resign in 1952 by Mosadeq. During the planning and operational phases of the coup, he acted as the communications channel to his father and performed very well under difficult circumstances. He was married for a time to the Shah's daughter by Queen Fawzia and has never remarried since his divorce. He has retained the Shah's favor and, in fact, introduced the Shah to Farah in May 1959, the girl who later became Queen and mother of the Shah's sons. Ardeshir was the Iranian Ambassador to the United States in 1960-62 and returned again in April 1973 to the post. In the interim, he was Ambassador to the United Kingdom, 1962-67, and Minister of Foreign Affairs, 1967-71.

MAJ. GEN. NADR BATMANGELICH

General Batmangelich (also spelled Batmanqilich or Batmangelij) was born in Tehran about 1905 and educated in Germany, the Iranian Military School, and the German Staff College. He fought in the Luristan and Fars tribal campaigns and was interned by the Allies from August 1943

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to June 1945. He visited the United States on a purchasing mission in 1950 and was put on the retired list in 1952 by Mosadeq. Named Chief of Staff of the army immediately after the 1953 coup, he retained that post despite friction with Premier Zahedi until December 1955 when he was made Ambassador to Pakistan to ease him out of the army command. Clashes with General Hedayet, Chief of the new Supreme Staff, were the probable cause of his reassignment. He then became Ambassador to Iraq in January 1957, was Minister of Interior in 1958-59, and became Adjutant to the Shah in 1959.

[REDACTED]

After serving as Governor of Khorasan, 1965-68, he retired to private life. He had served as Permanent Iranian Delegate to the CENTO Military Committee before retiring from the army 1965.

Batmangelich never lived down his behavior on the night of 15 August, details of which were known only to few insiders in the Zahedi coup group. He failed to take his objective, the Staff Headquarters, and breaking down, he either turned himself in or was arrested by troops loyal to Mosadeq. There was reason to believe he talked freely to interrogators, providing them with a list of other officers involved in the coup.

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MOHAMMAD REZA SHAH PAHLAVI

When Mohammad Reza became Shah in 1941 at the age of 22 following his father's abdication, Iran was occupied by foreign troops--Soviet, British, and American--and its army was demoralized. He had no solid power base and no political machine, and as a result he spent the first 10 years of his reign in conflict with the traditional political power structure bent on regaining the influence it had lost to Reza Shah. The military coup that ousted Mosadeq in August 1953 was thus a major milestone in the Shah's political life.

Mohammad Reza was born on 26 October 1919; he studied 6 years as a cadet at the Military School of Tehran and then went to Switzerland in 1931 for his secondary education. Returning in 1936, he attended the Iranian Military College, from which he graduated 2 years later as a second lieutenant. His first marriage, in 1939, was to Princess Fawzia of Egypt, sister of King Farug, and a daughter, Shanaz, was the only child of this marriage. Divorcing Fawzia, he married Sorya Esfandiari, a half-German, half-Bakhtiari beauty to whom he was very devoted, but the marriage was childless and the throne needed an heir. After the inevitable divorce, he married Farah Diba in 1959, and Crown Prince Reza was born in 1960, followed by two daughters and Prince Ali Reza, securing the succession of the Pahlavi line.

Although various sources criticized the young Shah as suspicious and indecisive to the point of permanent instability, others saw his strengths. An OSS report in 1943 said:

Mohammad Shah is a man of much stronger purpose than is generally realized. He stands almost alone, distrusts most advisers, is honest in his efforts to secure a democratic form of government for Iran. He is not easily influenced and cannot

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be shaken. Installed as a figurehead during the 1941 crisis, he may yet surprise the factions in his country and the outside powers. He thinks along Western lines, and he is inalienably attached to his Iranian army. The military budget is half the national expenditure just now. Yet, of course, the army is almost his only backing within Iran.

In 1951, also on the positive side, the U.S. Embassy in Tehran noted:

It is important to observe that the Shah, in ten years of political wavering, has never turned against the intellectual interests, sports, and hobbies which he learned from European sources. His mind remains alert and his principles, although often betrayed, retain great similarity to Christian ethics and philosophy. The tragedy in the conflict of this healthy intellect against the vicious Persian scene carries some triumph since the Shah, so far, has not become corrupted.

The Shah took the successful coup of 1953 as a popular mandate to seize control of his country from the political factions and the ambitious generals; he has never since allowed them to threaten his position or his program. His hasty flight to Baghdad and Rome was either forgiven or forgotten in the triumph of the moment, and although General Zahedi was often angered by the Shah's vacillation and lack of decisiveness, those very characteristics enabled him to frustrate the volatile Zahedi and eventually bring about his resignation and voluntary exile. Given confidence by the popular support he saw during the coup, he pressed ahead to consolidate his power, carefully controlling political activity, which he has said can be permitted to function freely only after economic and social development have taught the people to act responsibly. His reforms launched in 1962 as the "White Revolution" have accomplished much; without the power and prestige of the throne coupled with the Shah's authoritarianism and determination, the reforms and development probably could not have taken place.

The rapid escalation of oil prices in 1973-74 has enhanced the Shah's prestige as spokesman for the more extreme oil-producing countries, and he

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has been quick to resent criticism of the view that oil is the main resource of those countries, a resource that cannot be replaced and that must be conserved, if only by the pressure of cost. The situation has clearly made the Shah a man whom the world listens to, and he has made the most of it.

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APPENDIX C

THE LEGEND: HOW THE PRESS VIEWED TPAJAX

The world of journalism--ever on the alert for the mote in somebody else's eye--found long ago that the Central Intelligence Agency made great copy. Proceeding on the theory that their readers will believe anything dealing with "spies," "agents," and "the secret world of espionage," a number of writers have told what they insist is the inside story of the CIA involvement in Iran in 1953. A sampling of these is included here, without extensive comment, since the distortions and guesses will be obvious to those who have read this history.

Andrew Tully, for example, in CIA--The Inside Story devotes Chapter 7, "King-Making in Iran" to a version of TPAJAX most notable for the purple of its flamboyant prose. Some significant passages are:

It was in 1953, of course, that the CIA stage-managed the overthrow of Premier Mohammed Mossadegh, that celebrated compulsive weeper, who had seized Britain's monopolistic oil company and was threatening to do business with the Kremlin. At the time CIA's coup was hailed as a blow for democracy, which it was. But after disposing of Mossadegh, CIA and the State Department reverted once again to a weakness that so often has been disastrous. In the setting up of the new regime, in which CIA took a major part, no consideration was given as to whether the new men had any

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intention of attempting to relieve the misery of the Iranian people. It was enough for the United States that they were anti-Communist.

When Mossadegh announced the expropriation of Anglo-Iranian Oil and nationalization of Iran's oil fields, the international uproar was thunderous. Mossadegh could not do that, and the Western bankers would prove it to him. Iranian oil was virtually boycotted. Mossadegh promptly tried to swing some deals with smaller, independent companies to work the Iranian fields, but the State Department gave these companies little encouragement - which is to say it told them "hands off." Meanwhile, Iran was losing its oil revenues and going broke. Even American financial aid was not enough although the State Department, with understandable reluctance, donated \$1,600,000 for a technical rural improvement program in 1951 and followed that with a foreign aid grant of \$23,000,000 in 1952. Most of the latter was used to make up Iran's foreign exchange shortages, but Iran remained financially unstable.

Meanwhile, CIA learned that Mossadegh was carrying on a clandestine flirtation with Iran's furtive Communist party, the Tudeh. Soviet intelligence agents flocked into the ancient capital of Teheran and the traffic jam between them and Allen Dulles' energetic young men was almost ludicrous. Almost daily, emissaries from the Soviet danced attendance on Mossadegh as he lolled recumbent on his couch, alternately dozing and weeping. Inevitably, the old dictator put it squarely up to President Eisenhower. In a letter received by the President on May 28, 1953, Mossadegh overplayed his hand - he attempted to blackmail the United States by warning that unless Iran got more American financial aid he would be forced to seek help elsewhere.

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Elsewhere was the Soviet Union, with which Mossadegh suggested he would conclude both an economic agreement and a mutual defense pact.

Since Iran otherwise was broke, that meant Mossadegh would have to pledge the rich Iranian oil fields and the refinery at Abadan, the world's largest, in return for financial assistance from the Soviet. The danger to the West was clear. With Iran's oil assets in its pockets, the Russians would have little trouble eventually achieving a prime object of Russian foreign policy since the days of the Czars - access to a warm water outlet on the Persian Gulf, the free world's life line to the Far East. But even if Russia were to get just Iran's oil, the Western world would be weakened throughout the Middle East and Soviet prestige would soar. It was clear, too, of course, that Anglo-Iranian Oil had a stake of billions of dollars, and when private enterprise of that magnitude is involved State Departments and Foreign Offices are apt to react most sensitively.

The time had come for the United States to embark on an international gamble. CIA reports were that Mossadegh, although popular with the masses, had never been able to undermine the young Shah with his people. If something were to happen whereby the Shah was able to take over more firmly the reins of government, there was a good chance Mossadegh could be unseated. In any event, the Shah had a better than even chance of winning any popularity contest with Mossadegh.

So for a month the White House stalled Mossadegh, avoiding a direct reply in a welter of polite diplomatic notes seeking further discussions. Then President Eisenhower favored Mossadegh with a blunt reply: "No." Everybody agreed it was a calculated risk, a gamble that Mossadegh could be dealt with in such a fashion that he would be powerless to carry out his threat. The CIA forthwith set the wheels in motion for dealing with this tough old man.

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First, on August 10, Allen Dulles flew to Europe to join his wife for a "holiday" in the Swiss Alps. Although the political situation in Teheran was becoming more ominous - Mossadegh was conferring daily with a Russian economic mission - United States Ambassador Loy Henderson decided he would like a vacation to Switzerland, too. Almost simultaneously, the Shah's sister, the pretty and tough-minded Princess Ashraf, marched into the royal palace and gave her brother the rough side of her tongue for his hesitancy in facing up to Mossadegh. Then she, too, flew off to Switzerland.

Certainly, the Russian espionage network must have surmised that something was cooking as Dulles, Henderson and Princess Ashraf turned up at the same Swiss resort. Their suspicions were strengthened when an old Middle Eastern hand named Brigadier General H. Norman Schwartzkopf suddenly was discovered in the midst of a leisurely flying vacation across the Middle East. He had been to Pakistan, Syria and Lebanon and, while the Russians fumed, he ultimately turned up in Iran.

The Reds had a right to be fearful, for Schwartzkopf had long been an anathema to the Kremlin. Americans remember him most vividly as the man who ran the Lindbergh kidnapping investigation in 1932, when he was head of the New Jersey State Police. But the world of international politics knew him better as the man who, from 1942 to 1948, had been in charge of reorganizing the Shah's national police force. In this job, Schwartzkopf spent little time tracking down ordinary criminals; he was kept busy protecting the government against its enemies, a job that required the setting up of an intelligence system to keep watch on various political cliques which might seek the Shah's overthrow.

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In the course of these intriguing duties, Schwartzkopf had become a close friend and adviser to the Shah and, more important, to Major General Fazlollah Zahedi, one of his colleagues on the police force. So when Schwartzkopf turned up in Teheran in August he could explain with a straight face that he had come merely "to see old friends again." The Russians stormed and protested over his presence in Iran but Schwartzkopf went his casual way, dropping in to see the Shah one afternoon, spending the morning with General Zahedi, and renewing contacts with other old pals in the police and army.

And suddenly the Shah seemed to have located his courage and authority. On Thursday, August 13, the Shah handed down a ukase that sounded as if it had been written in collaboration by Schwartzkopf and Zahedi. Mossadegh was ousted as Premier and his successor was to be General Zahedi. The Shah ordered the colonel of the Imperial Guards to serve the notice on Mossadegh, and the wheels seemed to be turning.

But for some reason the colonel seemed seized by inaction. It was not until two days later, on midnight of August 15, that the colonel and a platoon of his troops showed up at Mossadegh's residence. There they found themselves surrounded by an array of tanks and jeeps, manned by hard-faced Army veterans Mossadegh had rounded up while the colonel vacillated.

The colonel, of course, was clapped into jail and Mossadegh announced that a revolt against the rightful government of Iran had been crushed. He also had some unkind things to say about the youthful Shah, and Iran's king of kings and his queen took the hint and hopped a plane for Rome by way of the then royally safe country of Iraq.

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Schwartzkopf, however, held his own ground on the Iranian stage. He took over as unofficial paymaster for the Mossadegh-Must-Go clique. Certain Iranians started to get rich, and the word later was that in a period of a few days Schwartzkopf supervised the careful spending of more than ten million of CIA's dollars. Mossadegh suddenly lost a great many supporters.

The climax came on Wednesday, August 19, four days after Mossadegh had "crushed the revolt." The tense capital was filled with troops, mounted against a new uprising, but none of them looked very happy. There seemed no reason for alarm when a long and winding procession of performers appeared on the scene for one of these impromptu parades common in Teheran. In the procession were tumblers, weight-lifters, wrestlers, boxers -- all performing their specialties as they moved slowly along the streets. As usual, crowds flocked out into the streets to watch the show and to follow the parade.

Then, apparently, somebody gave a signal. The weird procession suddenly broke into an organized shouting mob. "Long Live the Shah!" they cried. "Death to Mossadegh." The crowd joined in the shouting, some of them undoubtedly keeping one hand tight against pockets where their American wages were secured. Soon the entire capital was in an uproar, and when the din was at its loudest troops who had remained loyal to the Shah launched their attack.

For more than nine hours the battle raged, with Mossadegh's troops fighting fiercely but gradually giving ground. Obviously, they were confused by the tactics and swift logistical maneuvers of the Shah's forces, who had been exposed to some American who knew the ropes. Anyway, by midnight Mossadegh's soldiers had been driven into a little ring around the Premier's palace and they were forced to surrender. Troops forcing their way into the palace captured Mossadegh as he lay weeping in his bed, clad in silk striped pajamas. Somebody telephoned Rome and the Shah and his queen packed again, to return to Teheran and install Zahedi as Premier.

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This was a coup necessary to the security of the United States, and probably to that of the Western World. But it was another case of the United States not requiring tough enough terms in return for its support. It is senseless, as some observers have written, to say that the Iranians overthrew Mossadegh all by themselves. It was an American operation from beginning to end. But at the end, CIA -- and the American government -- stood by while a succession of pro-Western and anti-Communist administrations, uninterested in the smallest social reforms, brought Iran once again to the edge of bankruptcy. And, of course, the American taxpayer has contributed hundreds of millions of dollars to this corruption.

Then, David Wise and Thomas B. Ross in their "explosive bestseller" The Invisible Government provided yet another version, as follows:

1953: Iran

But guerrilla raids are small actions compared to an operation that changes a government. There is no doubt at all that the CIA organized and directed the 1953 coup that overthrew Premier Mohammed Mossadegh and kept Shah Mohammed Reza Pahlevi on his throne. But few Americans know that the coup that toppled the government of Iran was led by a CIA agent who was the grandson of President Theodore Roosevelt.

Kermit "Kim" Roosevelt, also a seventh cousin of President Franklin D. Roosevelt, is still known as "Mr. Iran" around the CIA for his spectacular operation in Teheran more than a decade ago. He later left the CIA and joined the Gulf Oil Corporation as "government relations" director in its Washington office. Gulf named him a vice-president in 1960.

One legend that grew up inside the CIA had it that Roosevelt, in the grand Rough Rider tradition, led the revolt against the weeping Mossadegh with a gun at the head of an Iranian tank commander as the column rolled into Teheran.

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A CIA man familiar with the Iran story characterized this as "a bit romantic" but said: "Kim did run the operation from a basement in Teheran -- not from our embassy." He added admiringly: "It was a real James Bond operation."

General Fazollah Zahedi,* the man the CIA chose to replace Mossadegh, was also a character worthy of spy fiction. A six-foot-two, handsome ladies' man, he fought the Bolsheviks, was captured by the Kurds, and, in 1942, was kidnapped by the British, who suspected him of Nazi intrigues. During World War II the British and the Russians jointly occupied Iran. British agents, after snatching Zahedi, claimed they found the following items in his bedroom: a collection of German automatic weapons, silk underwear, some opium, letters from German parachutists operating in the hills, and an illustrated register of Teheran's most exquisite prostitutes.

After the war Zahedi rapidly moved back into public life. He was Minister of Interior when Mossadegh became Premier in 1951. Mossadegh nationalized the British-owned Anglo-Iranian Oil Company in April and seized the huge Abadan refinery on the Persian Gulf.

The refinery was shut down; thousands of workers were idled and Iran faced a financial crisis. The British, with the backing of Western governments, boycotted Iran's oil and the local workers were unable to run the refineries at capacity without British techniques.

Mossadegh connived with the Tudeh, Iran's Communist party, and London and Washington feared that the Russians would end up with Iran's vast oil reserves flowing into the Soviet Union, which shares a common border with Iran. Mossadegh, running the crisis from his bed -- he claimed he was a very sick man -- had broken with Zahedi, who balked at tolerating the Tudeh party.

* He died September 1, 1963, at age sixty-seven.

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It was against this background that the CIA and Kim Roosevelt moved in to oust Mossadegh and install Zahedi. At the time of the coup Roosevelt, then thirty-seven, was already a veteran intelligence man. He was born in Buenos Aires. His father, the President's second son, was also named Kermit. Kim was graduated from Harvard just before World War II, and he taught history there and later at the California Institute of Technology. He had married while still at Harvard. He left the academic life to serve in the OSS, then joined the CIA after the war as a Middle East specialist. His father had died in Alaska during the war; his uncle, Brigadier General Theodore Roosevelt, died on the beaches of Normandy a year later.

The British and American governments had together decided to mount an operation to overthrow Mossadegh. The CIA's estimate was that it would succeed because the conditions were right; in a showdown the people of Iran would be loyal to the Shah. The task of running the operation went to Kim Roosevelt, then the CIA's top operator in the Middle East.

Roosevelt entered Iran legally. He drove across the border, reached Teheran, and then dropped out of sight. He had to, since he had been in Iran before and his face was known. Shifting his headquarters several times to keep one step ahead of Mossadegh's agents, Roosevelt operated outside of the protection of the American Embassy. He did have the help of about five Americans, including some of the CIA men stationed in the embassy.

In addition, there were seven local agents, including two top Iranian intelligence operatives. These two men communicated with Roosevelt through cutouts -- intermediaries -- and he never saw them during the entire operation.

As the plan for revolt was hatched, Brigadier General H. Norman Schwarzkopf, who used to appear on radio's "Bang Busters," turned up in Teheran. He had reorganized the Shah's

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police force there in the 1940s. He was best known for his investigation of the Lindbergh baby kidnaping case when he headed the New Jersey State Police in 1932. Schwarzkopf, an old friend of Zahedi's, claimed he was in town "just to see old friends again." But he was part of the operation.

On August 13 the Shah signed a decree dismissing Mossadegh and naming Zahedi as Premier. The uncooperative Mossadegh arrested the unfortunate colonel who brought in his notice of dismissal. Mobs rioted in the streets; the thirty-three-year-old Shah and his queen (at that time the beautiful Soraya) fled to Baghdad by plane from their palace on the Caspian Sea.

For two chaotic days, Roosevelt lost communication with his two chief Iranian agents. Meanwhile, the Shah had made his way to Rome; Allen Dulles flew there to confer with him. Princess Ashraf, the Shah's attractive twin sister, tried to play a part in the international intrigue, but the Shah refused to talk to her.

In Teheran, Communist mobs controlled the streets; they destroyed statues of the Shah to celebrate his departure. Suddenly, the opposition to Mossadegh consolidated. The Army began rounding up demonstrators. Early on August 19 Roosevelt, from his hiding place, gave orders to his Iranian agents to get everyone they could find into the streets.

The agents went into the athletic clubs in Teheran and rounded up a strange assortment of weight-lifters, muscle-men and gymnasts. The odd procession made its way through the bazaars shouting pro-Shah slogans. The crowd grew rapidly in size. By mid-morning it was clear the tide had turned against Mossadegh and nothing could stop it.

Zahedi came out of hiding and took over. The Shah returned from exile. Mossadegh went to jail and the leaders of the Tudeh were executed.

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In the aftermath, the British lost their monopoly on Iran's oil. In August, 1958, an international consortium of Western oil companies signed a twenty-five-year pact with Iran for its oil. Under it, the former Anglo-Iranian Oil Company got 40 percent, a group of American companies* got 40 percent, Royal Dutch Shell got 14 percent and the Compagnie Francaise des Petroles 6 percent. Iran got half of the multimillion-dollar income from the oil fields under the deal, the Anglo-Iranian was assured a compensation payment of \$70,000,000.

The United States, of course, has never officially admitted the CIA's role. The closest Dulles came to doing so was in a CBS television show in 1962, after his retirement from the CIA.¹⁰ He was asked whether it was true that "the CIA people spent literally millions of dollars hiring people to riot in the streets and do other things, to get rid of Mossadegh. Is there anything you can say about that?"

"Well," Dulles replied, "I can say that the statement that we spent many dollars doing that is utterly false."

The former CIA chief also hinted at the CIA's Iran role in his book The Craft of Intelligence. "... support from the outside was given ... to the Shah's supporters," he wrote, without directly saying it came from the CIA.

Magazines did their part as well. In The Saturday Evening Post for 6 November 1954, Richard and Gladys Harkness co-authored an article entitled "The Mysterious Doings of CIA," which appears to have been a key source for both Tully and Wise-Ross. Richard and Gladys said:

* Gulf Oil, Standard Oil of New Jersey and California, The Texas Company and Socony-Mobile.

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Another CIA-influenced triumph was the successful overthrow of Iran in the summer of 1953, of old, dictatorial Premier Mohammad Mossadegh and the return to power of this country's friend Shah Mohammad Riza Pahlevi.

On May 28, 1953, President Eisenhower received a letter from Mossadegh amounting to a bare faced attempt at international blackmail. ...

The White House stalled Mossadegh for one month; then turned down the crafty premier with a blunt no. This was a calculated risk at best. It was a daring gamble, in fact, that Mossadegh would not remain in power to carry out his threat. It was, as well, a situation which required a little doing. The doing began in short order through a chain of stranger-than-fiction circumstances involving [Allen] Dulles, a diplomat, a princess and a policeman.

On August tenth Dulles packed his bags and flew to Europe to join his wife for a vacation in the Swiss Alps. The political situation in Teheran was becoming more conspiratorial by the hour. Mossadegh was consorting with a Russian diplomatic-economic mission. Loy Henderson, United States Ambassador to Iran, felt he could leave his post for a short "holiday" in Switzerland. Princess Ashraf, the attractive and strong-willed brunette twin sister of the Shah, chose the same week to fly to a Swiss alpine resort. It was reported that she had had a stormy session with her brother in his pink marble palace, because of his vacillating in facing up to Mossadegh.

The fourth of the assorted characters in this drama, Brig. Gen. H. Norman Schwartzkopf, at this time took a flying vacation across the Middle East. His itinerary included apparently aimless and leisurely stops in Pakistan, Syria, Lebanon -- and Iran. Schwartzkopf is best known to the public as the man who conducted the Lindberg kidnapping investigation in 1932, when he was head of the New Jersey state police. But from 1942 through 1948 he was detailed to Iran to reorganize the Shah's national police

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force. Schwartzkopf's job in Iran was more than the tracking down of routine criminals. He protected the government against its enemies -- an assignment requiring intelligence on the political cliques plotting against the Shah, knowledge of which army elements could be counted on to remain loyal and familiarity with Middle East psychology. Schwartzkopf became friend and advisor to such individuals as Maj. Gen. Fazlollah Zahedi, his colleague on the police force, and the Shah himself.

Schwartzkopf returned to Iran in August of 1953, he said, "just to see old friends again." Certainly the general will deny any connection with the events that followed his renewal of acquaintanceships with the Shah and Zahedi. But as Mossadegh and the Russian propaganda press railed nervously at Schwartzkopf's presence in Iran, developments started to unfold in one-two-three order.

On Thursday, August thirteenth, the Shah suddenly issued a double-edged ukase: Mossadegh was ousted by royal decree and his successor as premier was to be General Zahedi. The Shah ordered the colonel of the Imperial Guards to serve the notice on Mossadegh. Two days later, at midnight of Saturday, August fifteenth, the colonel went to Mossadegh's residence to find himself and his platoon surrounded by tanks and jeeps. The colonel was clapped in jail, and Mossadegh proclaimed that the revolt had been crushed. The Shah and his queen, taking events at face value fled to Rome by way of Iraq.

On Wednesday, August nineteenth, with the army standing close guard around the uneasy capital, a grotesque procession made its way along the streets leading to the heart of Teheran. There were tumblers turning handsprings, weight lifters twirling iron bars and wrestlers flexing their biceps. As spectators grew in number, the bizarre assortment of performers began shouting pro-Shah slogans in unison. The crowd took up the chant and then, after one precarious moment, the balance of public psychology swung against Mossadegh.

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Upon signal, it seemed, army forces on the Shah's side began an attack. The fighting lasted a bitter nine hours. By nightfall, following American-style military strategy and logistics, loyalist troops drove Mossadegh's elements into a tight cordon around the premier's palace. They surrendered, and Mossadegh was captured as he lay weeping in his bed, clad in striped silk pajamas. In Rome a bewildered young Shah prepared to fly home and install Zahedi as premier and to give Iran a pro-Western regime.

Thus it was that the strategic little nation of Iran was rescued from the closing clutch of Moscow. Equally important, the physical overthrow of Mossadegh was accomplished by the Iranians themselves. It is the guiding premise of CIA's third force that one must develop and nurture indigenous freedom legions among captive or threatened people who stand ready to take personal risks for their own liberty.⁴⁵

More than a year later, Crosby Noyes, writing in the Washington Star for 27 September 1953, discussed obliquely the significance of Ambassador Henderson, CIA Director Dulles, and Princess Ashraf being in Zurich the same week in August, and mentioned General Schwarzkopf's visit in detail. Without making any direct accusations, he hinted: "It is possible that the CIA agents whose departure from Iran was observed and reported were on purely routine intelligence missions. It is possible -- as a leading columnist has suggested -- that Mr. Henderson's trip to Switzerland was no more than a 'policy of studied indifference' on the part of the State

⁴⁵ Richard and Gladys Harkness, "The Mysterious Doings of CIA." The Saturday Evening Post, November 6, 1954, pp. 66-68. Reprinted by special permission of The Saturday Evening Post. © 1954 The Curtis Publishing Company.

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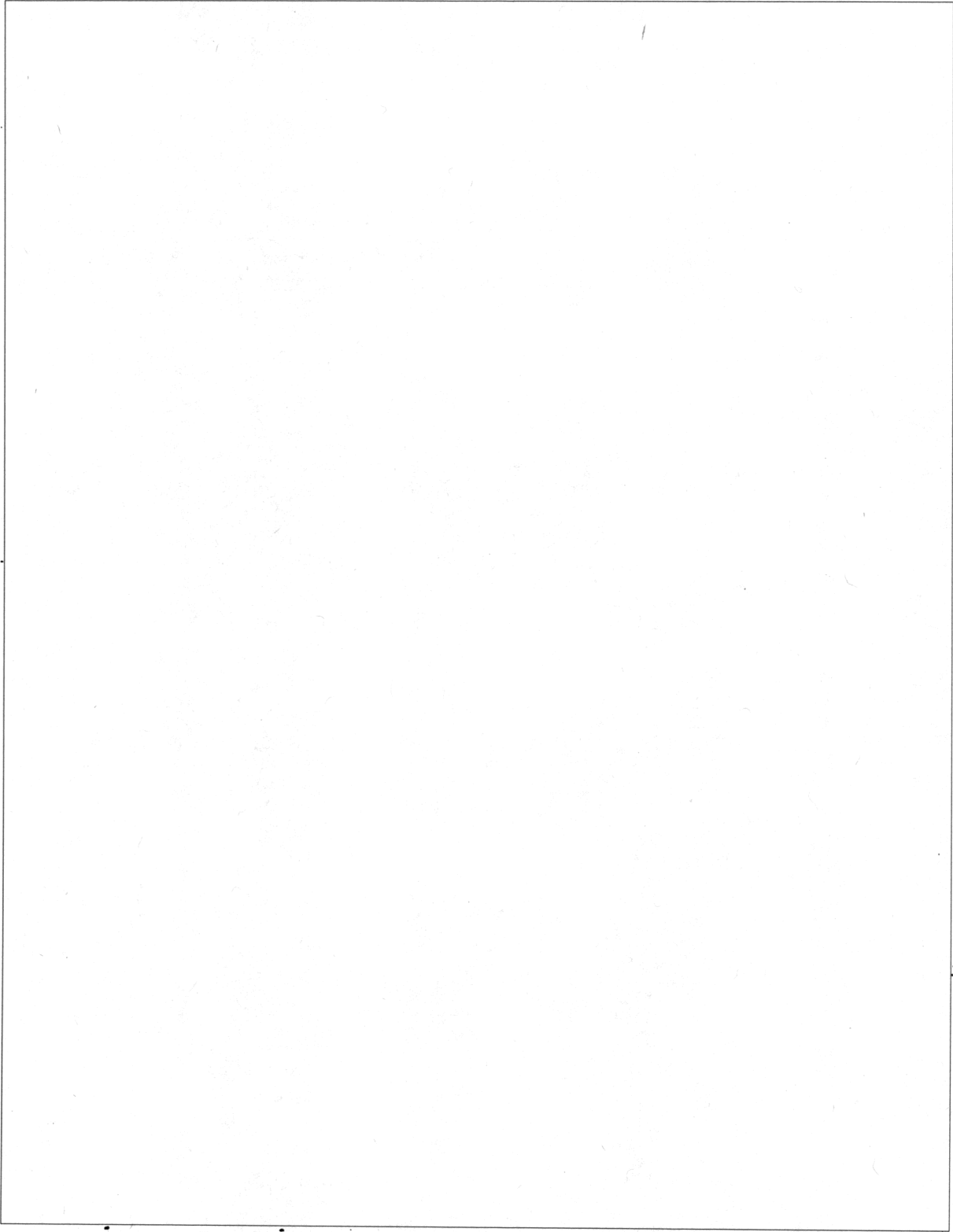
Department toward the Mossadegh regime. A friend of the Princess Ashraf here in Washington holds stoutly to the view that her visit with the Shah was undertaken simply to ask him for money. It is possible that Allen Dulles is genuinely fond of mountain-climbing and that Gen. Schwarzkopf just happened to show up in Teheran at a critical moment.

"It is all perfectly possible. But as long as the practice of putting two and two together continues, the argument about what really happened in Iran last summer seems likely to continue."

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APPENDIX D

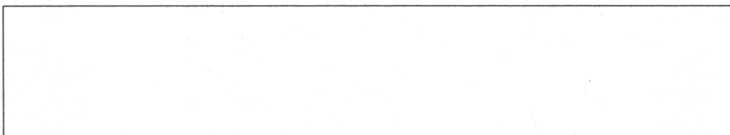
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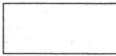


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a. Presentation to the Shah



- (2) Major issue is to maintain independence Iran and keep from the Soviet orbit. To do this Mossadeq must be removed.
- (3) Present dynasty best bulwark national sovereignty.
- (4) While Mossadeq in power no aid for Iran from United States.
- (5) Mossadeq must go.
- (6)  financial aid will be forthcoming to successor government.
- (7) Acceptable oil settlement will be offered but successor government will not be rushed into it.

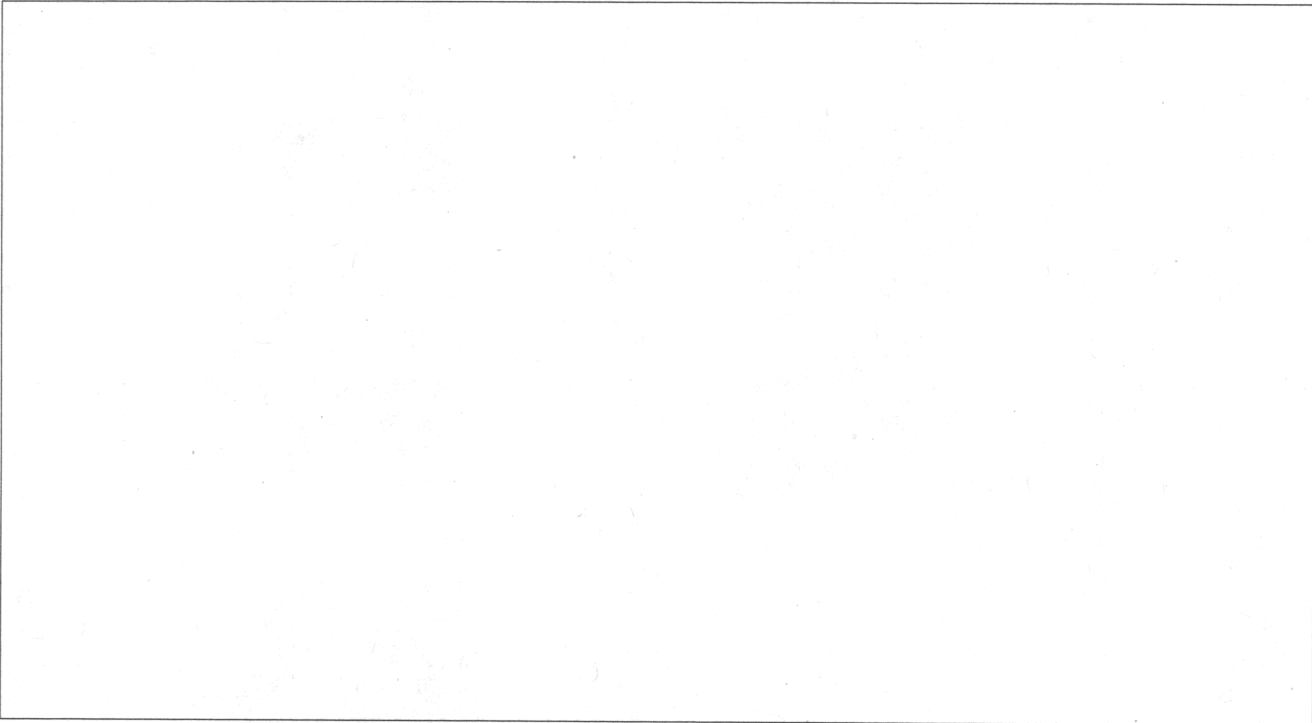
b. Demands on the Shah

- (1) You must take leadership in overthrow Mossadeq.
- (2) If not, you bear responsibility for collapse of country.

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- A. After agreement with Shah per above, inform Zahedi he chosen to head successor government with US-UK support.
- B. Agree on specific plan for action and timetable for action. There are two ways to put Zahedi in office.
1. Quasi-legally, whereby the Shah names Zahedi Prime Minister by royal firman.
 2. Military coup.

Quasi-legal method to be tried first. If successful at least part of machinery for military coup will be brought into action. If it fails, military coup will follow in matter of hours.

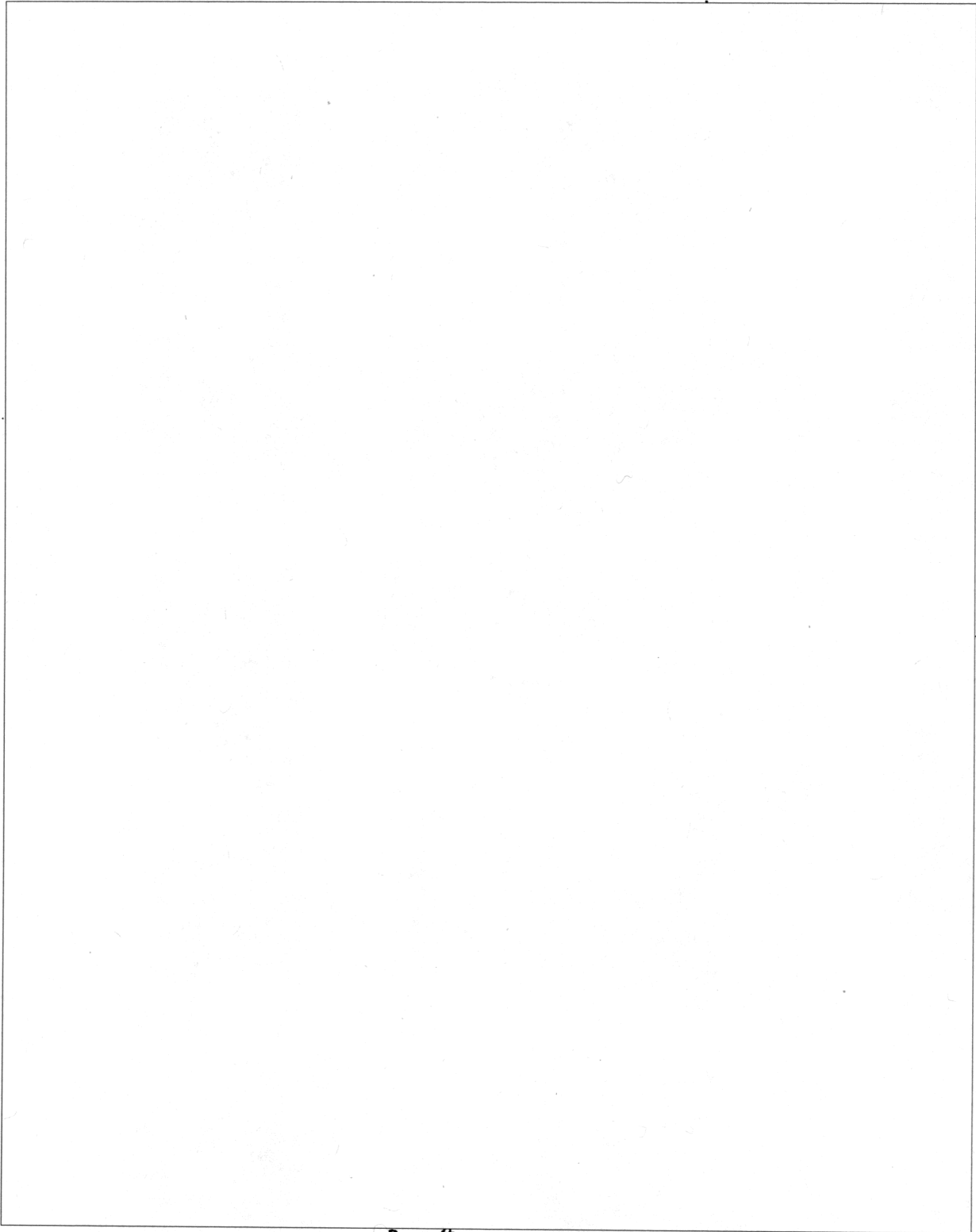
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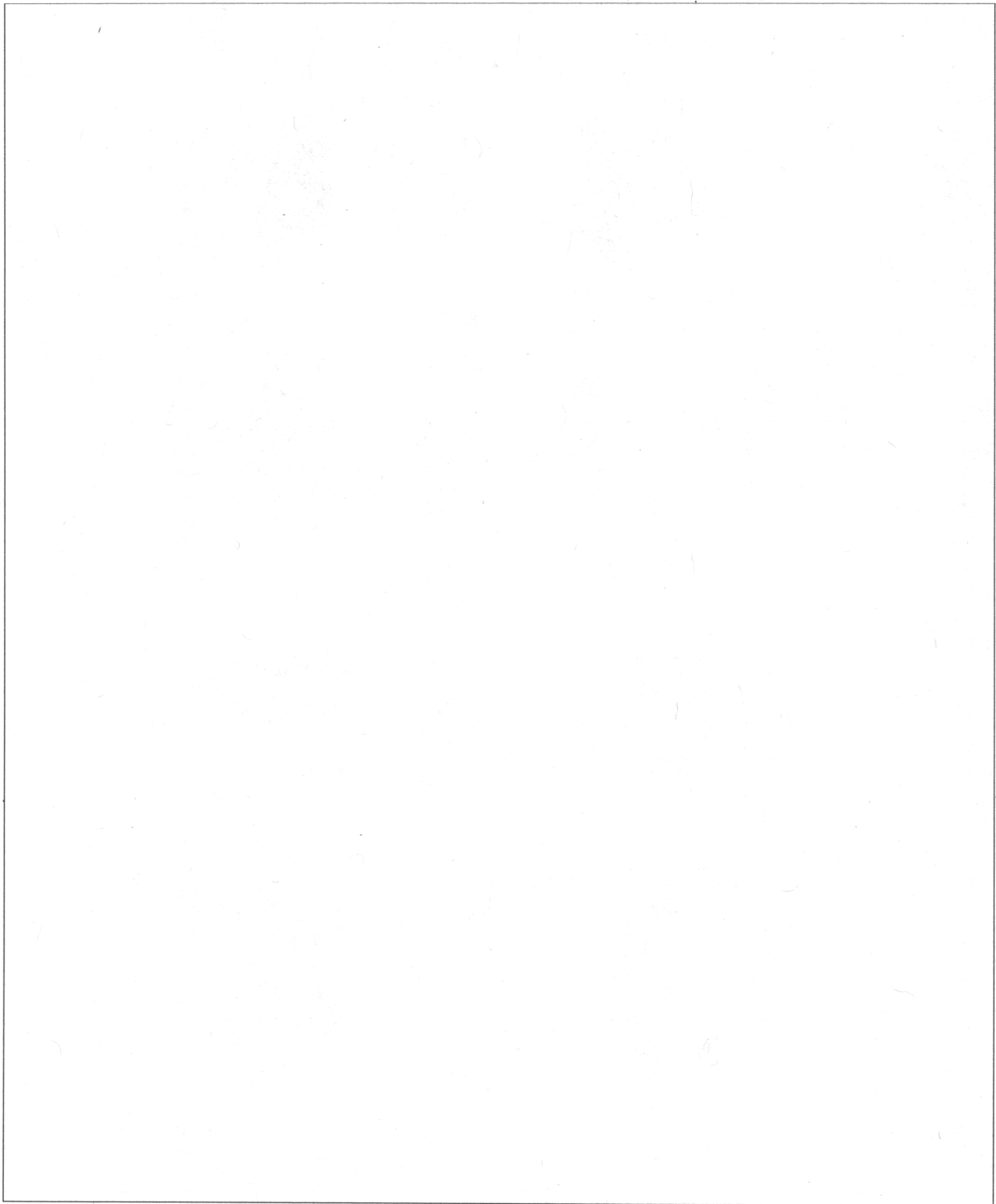


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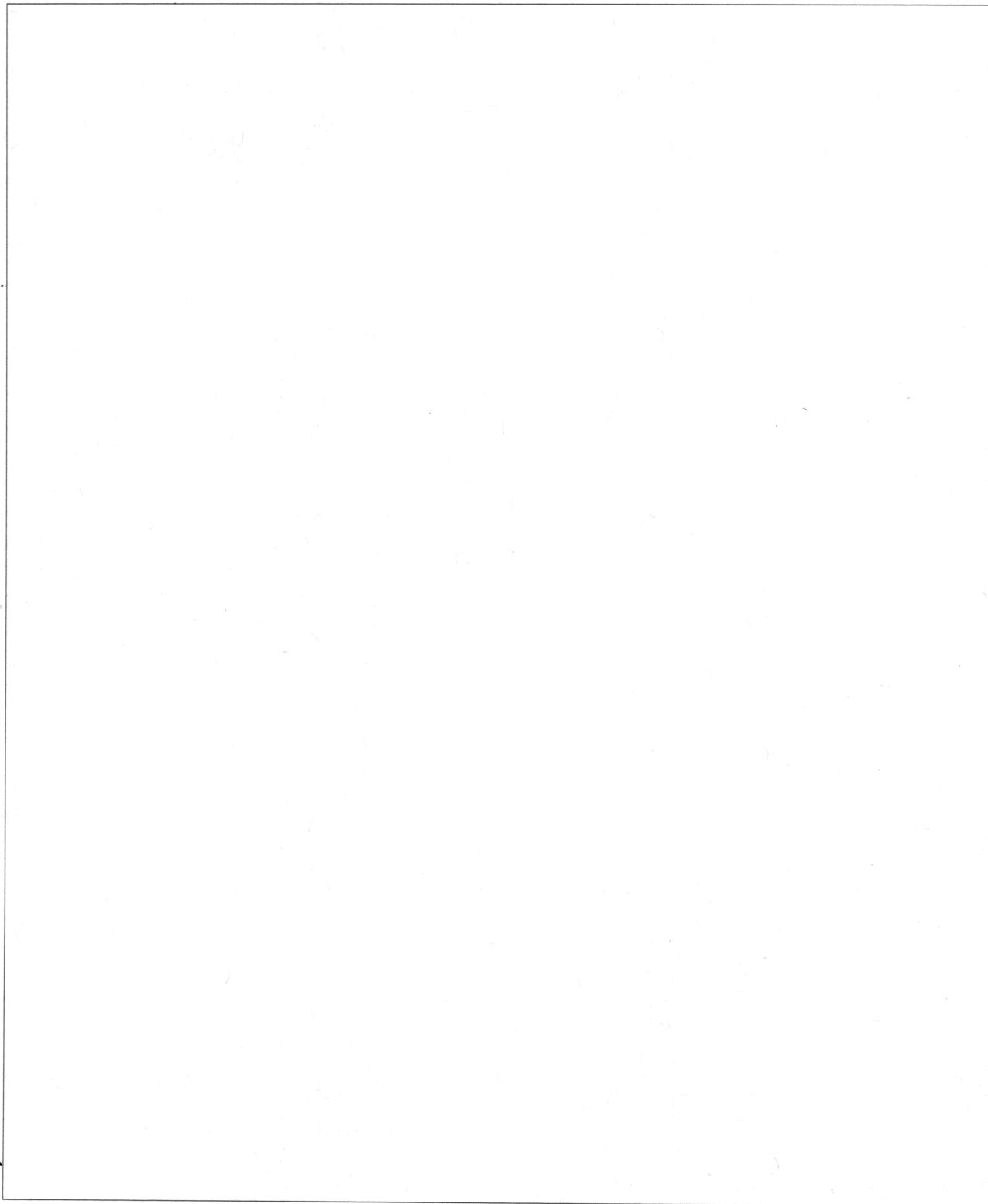


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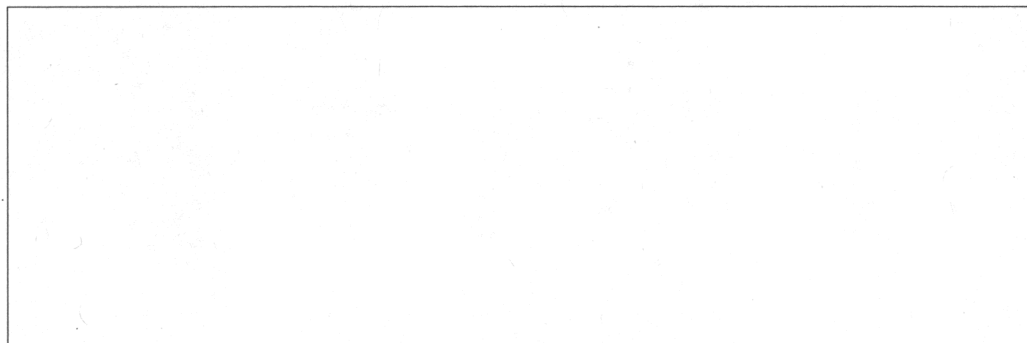
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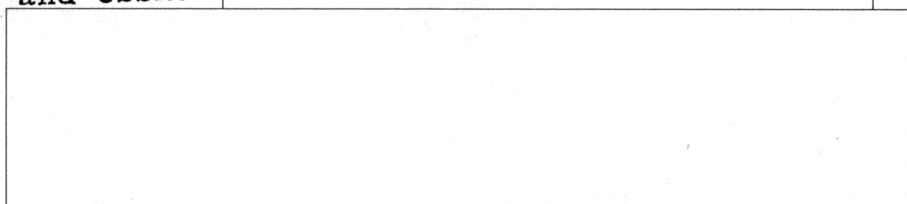
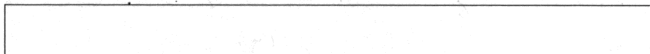
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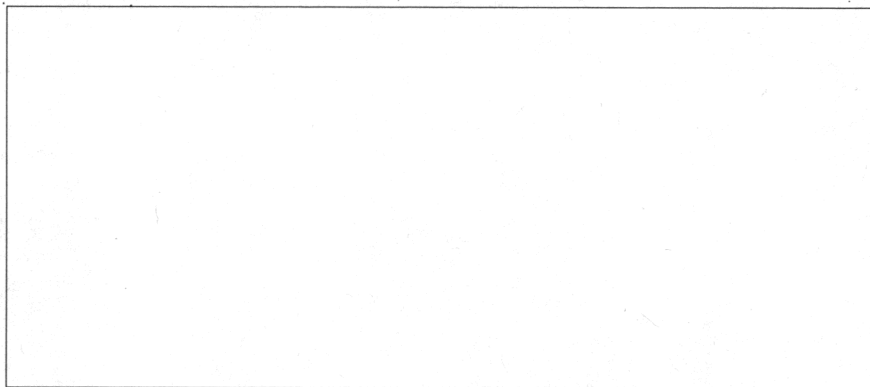
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B. Would be widely publicized that this refuge movement on basis two grounds popular dissatisfaction with Mossadeq government as follows:

1. Ground one that Mossadeq government basically anti-religious as most clearly demonstrated ties between Mossadeq and Tudeh; and Mossadeq and USSR.



2. Ground two that Mossadeq is leading the country into complete economic collapse through his unsympathetic dictatorship.



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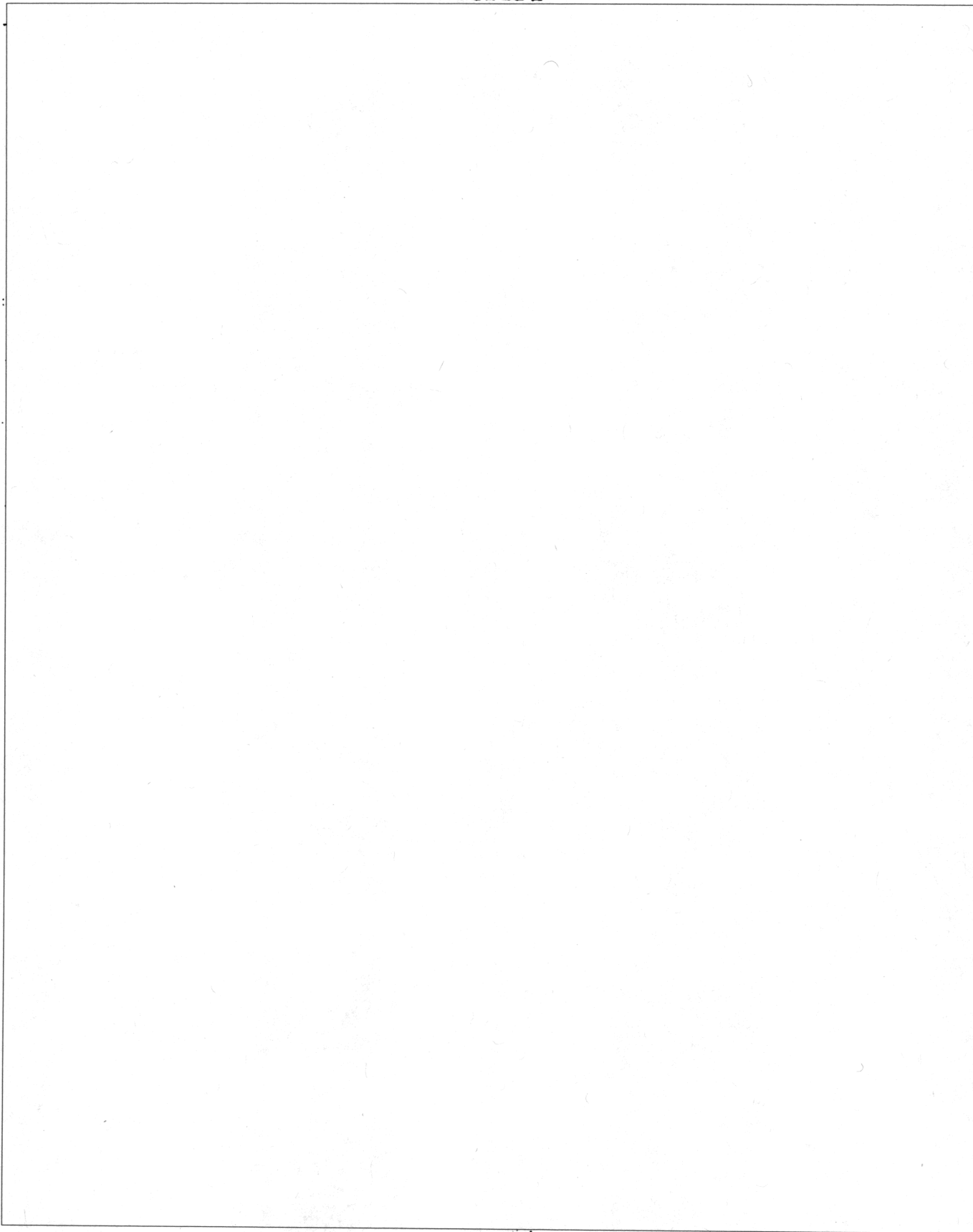
C. Religious refuge to take place at the dawn of the coup day. Immediately followed by effort have Majlis pass a motion to censure the government. This is to be followed by the dismissal of Mossadeq and the appointment of Zahedi as successor. If successful, the coup would be completed by early afternoon. Failing success, the coup would be mounted later that evening.

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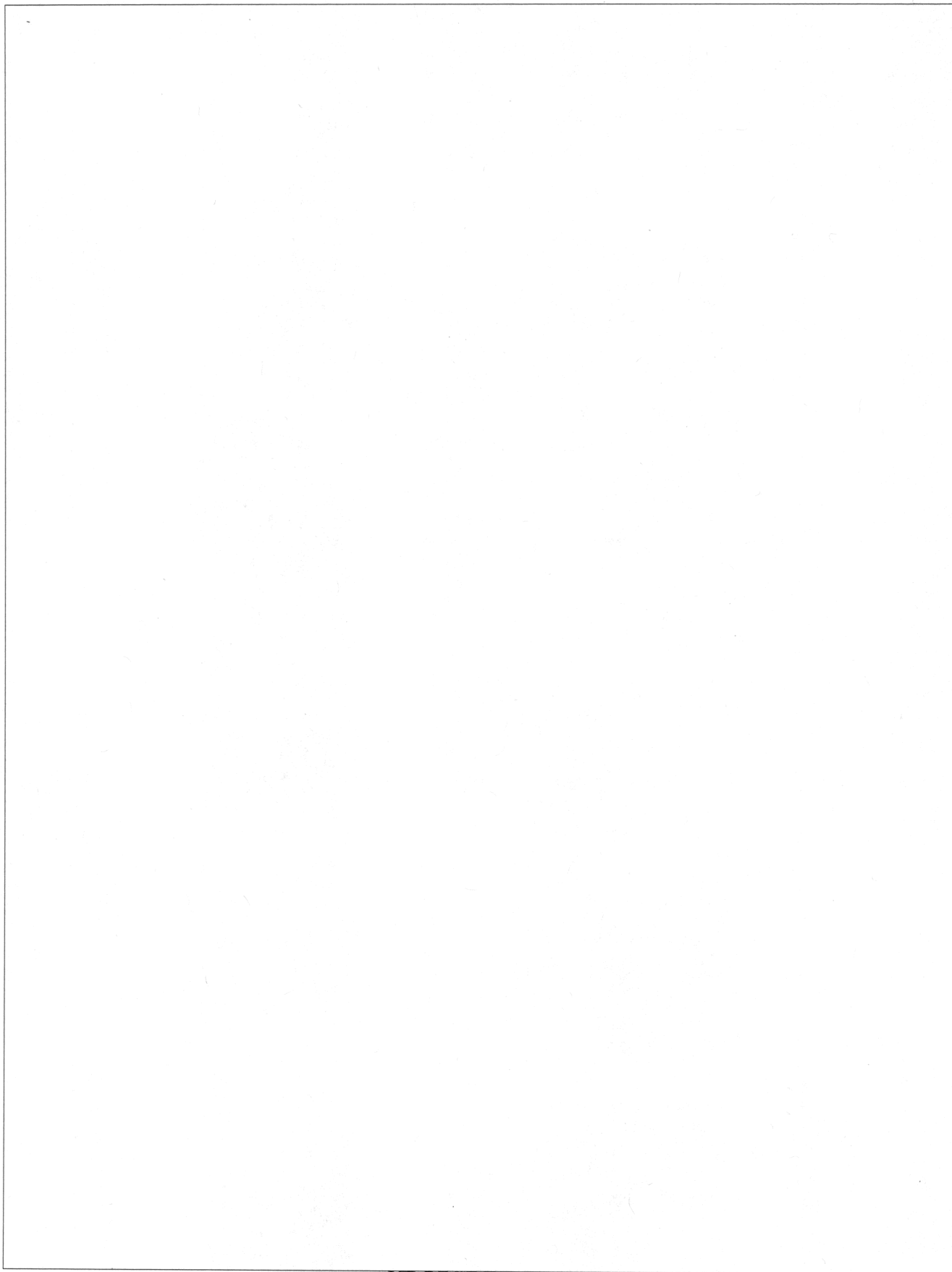
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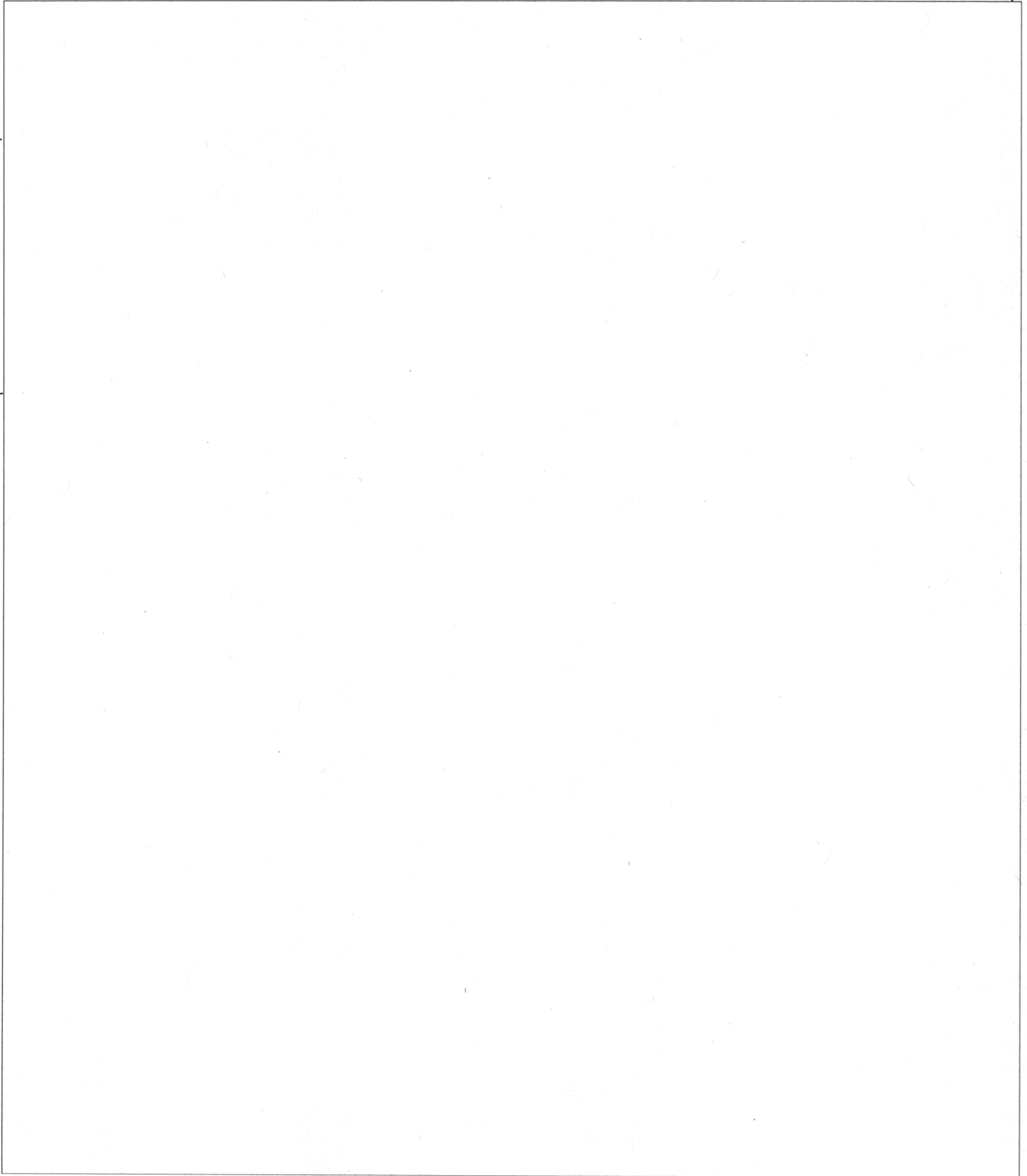
APPENDIX E



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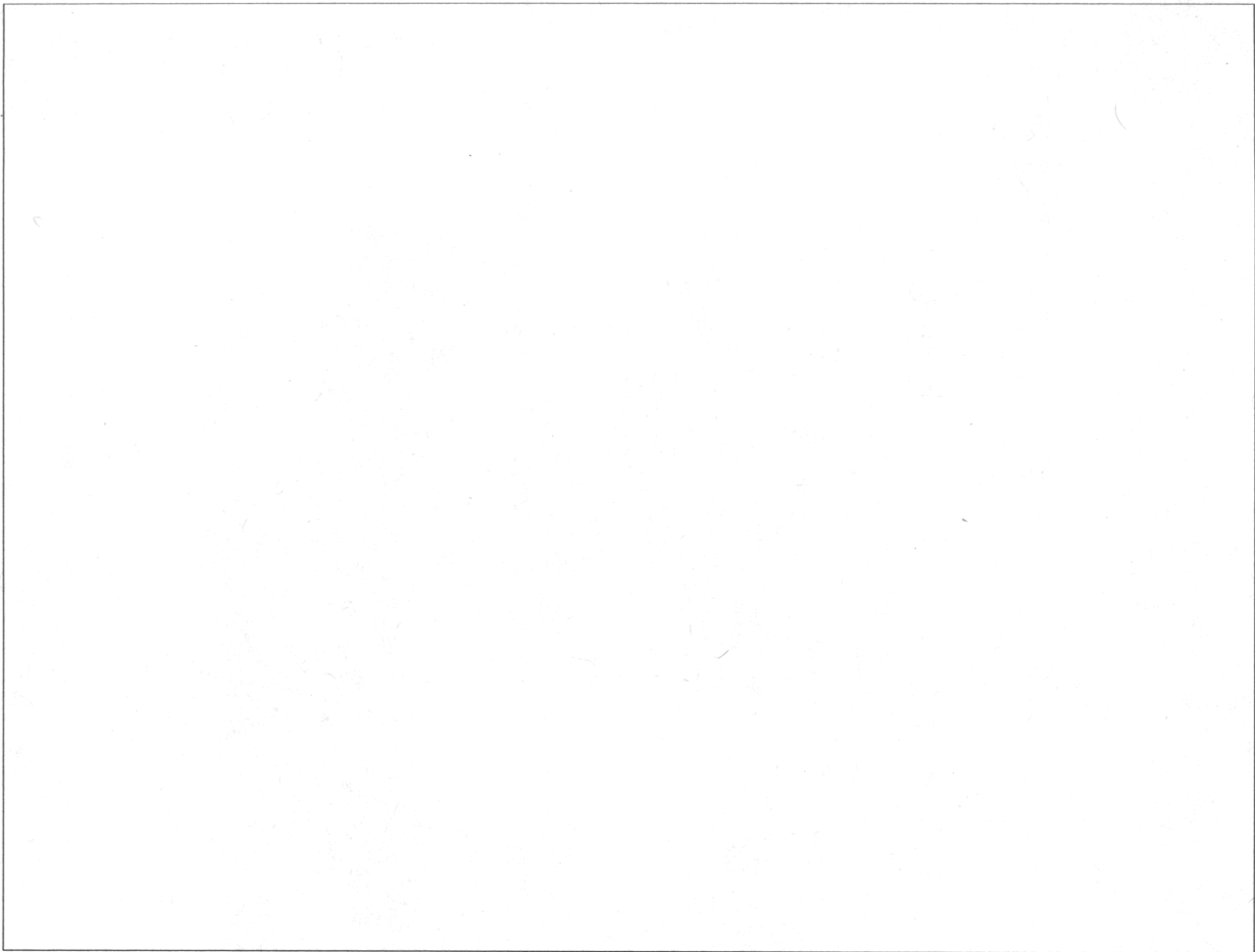
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APPENDIX F

The following is a U.S. Embassy translation of the Court of Revision verdict against Mosadeq and Riahi, handed down on 12 May 1954. It reviews the case, sums up the charges against the two defendants, and examines their respective defense. It objects to and overrules the verdict of the Military Court of First Instance and concludes by resentencing the defendants.

Under the indictment issued by the Army Prosecutor, the accused were charged with the followings:

In connection with Dr. Mohammad Mosadeq--

1. Order for the arrest of Col. Nematollah Nasiri (now brigadier general), Commander of the Royal Guards, who carried the order for the dismissal of Mosadeq;
2. Unlawful arrest of official and nonofficial persons;
3. Disarming of the Royal Guards protecting HIM the Shah and the royal palaces;
4. Sealing of the royal palaces, dispossessing the officials and guard of the Royal Court from the properties and palaces of the Shah;
5. Issue of telegrams to the Iranian Ambassadors abroad instructing them not to contact HIM the Shah;
6. Issue of instructions for omission of the Shah's name from the morning and evening prayers in the military centers;
7. Issue of instructions for the holding of meetings by taking advantage of Government propaganda facilities with a view to insulting the monarch and the constitutional regime, and broadcasting the meetings by radio;
8. Issue of instructions for pulling down and breaking the statues of the late Shah and the present Shah with a view to humiliating the royal household and encouraging insurgents to rise against the constitutional monarchy in Iran;
9. Issue of instructions for the dissolution of the Majlis;
10. Issue of instructions for keeping under surveillance the members of the royal household in Azerbaijan;
11. Issue of instructions for the unlawful arrest of General Zahedi, the Prime Minister appointed by the Shah, and the offer of a reward to the person capturing him;
12. Elimination of the royal anthem from the program of Tehran Radio; and
13. Action for the formation of a regency council by referendum.

In connection with Brig. Gen. Taqi Riahi:

1. Arrest of Col. Nematollah Nasiri (now brigadier general) who was carrying the order for Dr. Mosadeq's dismissal, and other officers without any legal warrant;
2. Disarming of the Royal Guards;

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3. Issue of instructions for the omission of the Shah's name from the morning and evening prayers of the soldiers; and
4. Issue of instructions that the demonstrations of the Tudeh Party should not be checked and insurgents should not be prevented from making demonstrations against HIM the Shah and that those people pulling down the statues of the late Shah and those of the present Shah should not be checked.

By virtue of Article 317 of the Army Judicial and Penal Law, capital punishment was demanded for the above-named. The case was referred to the Court of First Instance, which Court after performing the legal formalities and investigating the case, affirmed that Dr. Mosadeq's offences corresponded with Article 317 of the Army Judicial and Penal Law. With due regard to Article 413 of the Army Judicial and Penal Law, Article 44 of the Criminal Code, and Article 46 of the same Law, since the accused is over 60 years of age, he was condemned to three years of solitary imprisonment; General Riahi's offence was found to conform with paragraph (b) of Article 330 of the Army Judicial and Penal Law and he was condemned to two years of correctional imprisonment and permanent dismissal from the Army (according to Article 298 of the Army Judicial and Penal Law).

After the communication of the verdict issued, the Military Prosecutor and the accused appealed for a revision according to Articles 217 and 218 of the Army Judicial and Penal Law and Article 219 of the same Law. The case was referred to this Court according to File No.108, on December 26, 1953.

The Court of Revision was formed on April 8 after pass through the necessary formalities, and listened in nine sessions to the explanations of the Prosecutor and the objections of the accused and their defense counsels about the defects of the file and the incompetence of the Court.

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On April 22, 1954, the original members of the Court by a majority vote of six to one did not find the objections of the accused and their defense counsels about the defects of the file and incompetence of the Court plausible, and declared their preparedness to investigate the substance of the accusations levelled against both of the accused. The Court of Revision, in 17 sessions held from April 23 to May 12, listened to the objections of the Prosecutor, the accused, and their defense counsels in respect to the verdict issued by the Court of First Instance, and to the last defences of the above-named. At 12:20 p.m. on May 12, 1954, it declared that the matter had been sufficiently debated and announced an adjournment of the trial. The Court immediately started its deliberations, and with due regard to the substance of Article 209 of the Army Judicial and Penal Law completed the deliberations at 3:30 p.m. on May 12, 1954, and issued the following verdict:

Court's Verdict

A. The main objections of the Prosecutor and the accused to the verdict issued by the Court of First Instance are as under:

Summary of the objections of the Army Prosecutor to the verdict issued by the Court of First Instance in regard to Dr. Mohammad Mosadeq.

1. HIM's statements to the effect that he waived his claims for the injustices rendered to him by the accused have been interpreted by the Court of First Instance as the pardoning by HIM of his personal claims, while in fact a personal right has a special interpretation from the judicial viewpoint. The Court's interpretation is not proper, because HIM the Shah had not lodged a personal claim against Dr. Mosadeq so that he could withdraw his claim in due course.
2. Since the Court of First Instance has ruled that the crimes attributed to Dr. Mohammad Mosadeq correspond with Article 317 of the Army Judicial and Penal Law and has issued its verdict with due regard to Article 46 of the Criminal Code, and since the above-named's crime is borne out by the circumstances mentioned in the above, Dr. Mohammad Mosadeq apparently should have been condemned to ten years' solitary confinement.

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3. Another mistake made by the Court is that reference has been made in the verdict to Article 44 of the Criminal Code, while this Article refers to a mitigation of the original punishment, and Dr. Mohammad Mesadeq has been condemned to three years' solitary confinement. These two facts are contradictory.

4. The Court of First Instance has not stated in the verdict whether the verdict was issued by a unanimous or majority vote.

Summary of the objections raised by the Army Prosecutor against the Court's verdict in connection with General Riahi.

1. The Court has not observed Articles 202 and 217 of the Army Judicial and Penal Law (the Court's verdict must be substantiated and borne out by facts in connection with the crimes attributed to the accused and their conformity with the relevant regulations). Moreover the subordinate punishment (dismissal from Army service) which must never be mentioned in the verdict has been mentioned contrary to Article 298 of the Army Judicial and Penal Law.

2. The Court's reasoning in regard to the defenses put up by the defense counsels of the accused supports the bill of indictment and the Prosecutor's statements made in the Court. The Court has considered the General's actions as hostile and as having been carried out with ill-will and for the purpose of overthrowing the monarchy. However, the punishment decreed has been made to conform with Article 330 of the Judicial Law, i.e., the negligence of duty vis-a-vis the orders of the Army.

3. The Court has considered General Riahi responsible for the actions attributed to him and has affirmed the bill of indictment; but has made an oversight in fitting the crime to the relevant article of the Law. For the Court has in its verdict made clear that the issue of the instructions for the omission of the Shah's name from the morning and evening prayers, and the failure to check the pulling down of the statues and the explicit announcement that the Shah was a fugitive were meant to overthrow the monarchy. Therefore the crime committed by the above-named conforms with Article 317 of the Army Judicial and Penal Law.

Summary of the Objections Raised by General Riahi and his Defense Counsel to the Verdict issued by the Court of First Instance:

1. With regard to Article 330 of the Army Judicial and Penal Law, General Riahi was not neglecting his military duties while executing the orders of his superiors, so that the Court of First Instance should not have condemned him according to Paragraph (b) of Article 330 of the Army Judicial and Penal Law.

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2. The Court has, by setting forth its reasons, considered that the Article referred to by the Prosecutor did not correspond with the accusations levelled against General Riahi and the Court exonerated the accused of the charges levelled against him. Therefore, there were no grounds for the Army Prosecutor to request that the same accusations be again levelled against the accused.

3. During August 16-19 Dr. Mohammad Mosadeq held a legal and official title as far as all army officers were concerned and no one was aware of the command dismissing him; hence the legalization of Mosadeq's orders. Moreover, ever since HIM the Shah ordained that General Riahi, the then Chief of General Staff, should receive his orders directly from the then Minister of National Defense, the Minister was the only lawful commander of General Riahi.

4. In connection with the omission of the Shah's name from the morning and evening prayers to which the Court has alluded, this had nothing to do with the direct will of General Riahi, hence the Article regarding the cancellation of an instruction could not apply to him. The Commander of the Officers' College asked for instructions in this connection in order that probable incidents might be averted, and the then Chief of General Staff reported the matter to the Minister of National Defense and communicated the order issued by the Minister.

The Summary of the Objections of Dr. Mohammad Mosadeq and his Lawyer to the Verdict of the Court of First Instance:

1. Concerning the arrest of Col. Nematollah Nasiri (presently a brigadier general), if I meant to conceal the disposal order, I would not have given a receipt for it. This order could not possibly have remained a secret even though Colonel Nasiri was arrested. His followers and some other no doubt knew of it. He was detained because he had come to my house at 1:00 a.m. to arrest me and complete his coup d'etat. When he understood that the guards of my house were increased, he only submitted the order of His Majesty.

2. The Court of First Instance said that I issued a notice about an imaginary coup d'etat in order to call the Royal Guards aggressors and to provoke the followers of His Majesty, and that I detained the faithful servants of the monarch so that people might be incited against this regime. I did not issue any order to arrest the followers of the monarchy. The police forces were responsible for all the actions which took place. The duty of the Royal Guards is to protect His Majesty and the royal palaces. It cannot arrest ministers or Majlis deputies.

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3. The Court of First Instance said that I ordered the Royal Guards to be disarmed so that when His Majesty returned he would have no one to protect him and hence the mobs could have freedom of action. My purpose was to prevent another coup d'etat.
4. You said that I sealed the royal palaces in order to deprive His Majesty of his own properties. Because His Majesty left the country without any previous notice, my action was simply to protect the royal properties.
5. The Court of First Instance mentioned the fact that telegrams were sent to the Embassies of Iran in foreign countries, forbidding the members to meet His Majesty. I have no knowledge of such telegrams and if Fatemi should say that I told him to do so, I shall bear any punishment set by law.
6. The Court of First Instance also said that I ordered the omission of the name of His Majesty from the morning and evening prayers of the soldiers. It was thought that His Majesty did not wish to have his name prior to that of Iran, so the order was given to the soldiers to pray only for the perpetuity of Iran. After all, if the soldiers pray for the perpetuity of Iran, this does not mean that treachery was meant to his Majesty.
7. The Court of First Instance said that Mosadeq and his friends meant to insult His Majesty by allowing the people to demonstrate and take part in meetings. Whenever the representatives of the guilds or the Nationalist parties asked to be allowed to demonstrate, they were given the right to do so provided that the leftwing parties were not permitted to take part, to talk, or to demonstrate. The meeting of that day had no other basis. If the speakers said things and did wrong, it was not my fault and I should not be blamed for their actions.
8. The Court of First Instance believed the destruction of the statues of His Majesty and his father was to excite the people against His Majesty and his powers. I know nothing of the destruction of the statues. In the first place, installation of the statues was against the Shariat. I was told on August 17 that the leftwing parties intended to destroy the statues of Reza Shah. If they would have done so, the Government would have been accused of having cooperated with them. To prevent this, the Nationalist parties and guilds did so and their actions were taken only on the basis of opinion and not to excite the people against the monarchical regime.
9. About dissolving the Majlis, the Court of First Instance said: "The proclamation of the accused to dissolve the Majlis had no precedence in the parliamentary history of Iran and indicates that he wanted to put an end to the parliamentary regime and to the fundamentals of the government of this country." First

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In addition to that, according to Article 55 of the Criminal Code, pardon can only be given when the crime has been established. For these reasons, the reference of the Court to the above communication is invalid.

Secondly, considering the nature of the accusation and the reasoning used by the Court of First Instance whereby it compared the punishment to that of Article 317 of the Army Judicial and Penal Law, and observing Article 46 of the Criminal Code, the punishment fixed for him was solitary confinement. Because the said Article has fixed the maximum and minimum penalties of solitary confinement, without taking the mitigating circumstances into consideration, the period of solitary confinement could be fixed without any trouble. Although the Court tried to reduce the sentence and referred to Article 46 of the Criminal Code, the effect of this Article is not noticed in the fixing of the punishment.

In the case of General Riahi:

According to Article 78 of the Constitution and Articles 202 and 217 of the Army Judicial and Penal Law, the verdict of the Court had to be reasonable and the Court had to pay careful attention to the accusations. Not only is the verdict of the Court about Gen. Taqi Riahi unreasonable, but also his deeds do not correspond to section 6 of Article 33 of the Army Judicial and Penal Law (this Article concerns the failure of commanders to fulfill their military duties in special circumstances). On the other hand, the Court of First Instance reasoned that the actions of Dr. Mosadeq (accused No. 1) corresponded to Article 317 of the Army Judicial and Penal Law. The Court also related all the accusations against General Riahi (accused No. 2) to some of the deeds of Dr. Mosadeq, directly and indirectly. Therefore, the verdict was given on the basis of the unity of their crimes, although considering their confessions, one can see that the crimes were not the same for both of them. For this reason the verdict of the Court of First Instance is not correct.

For the above reasons, the verdict of the Court of First Instance is cancelled in accordance with Article 233 of the Army Judicial and Penal Law and the verdict of this Court is now announced for Dr. Mosadeq (six votes to one) and General Riahi (five votes to two):

For Dr. Mosadeq:

He confessed to some of his crimes and by means of fallacious and confusing arguments he tried to escape the punishment for the rest. Considering his file and the testimony of witnesses in the Court, his defense did not influence the verdict of the Court, and none of it had any judicial value. His ignorance of some of the events (such as the telegrams to Iranian ambassadors ordering them not to meet His Majesty, formation of meetings through governmental facilities, the speech at the meeting of August 15, 1953 by Dr. Hossein Fatemi, who was regarded by the

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accused as his Foreign Minister, the destruction of the statues of His Majesty and those of Reza Shah, and the arrest of the royal family) does not seem acceptable because he was Prime Minister, though illegally, and according to Article 61 of the Constitution, a Prime Minister is responsible for all events.

In some places he has shown good will such as concerning the formation of a Regency Council through a referendum about which he frankly said, "My intentions were to send some representatives to Rome in order to beg His Majesty to return and if His Majesty did not wish to do so, to beg him to appoint the Regency Council. In case His Majesty did not agree to either of those two requests, the Regency Council was to be appointed by a referendum." The Prosecutor of this Court believes that his statement is neither legal nor logical; therefore he does not accept it. If Mosadeq were right, he would have sent the representatives to Rome during the four days of his illegal regime. Although he had all possible means of transportation and so on in his hands, he did not do so. No action was taken for the appointment of representatives to be sent to Rome. His good will did not even induce him to send wires directly or indirectly (through the Embassies of Iran in Baghdad and Rome) to His Majesty although he could have done so. On the contrary, the telegrams sent to the Iranian ambassadors in foreign countries show and prove that he did not intend to show goodwill in this case.

Likewise in connection with the omission of the Shah's name from the morning and evening prayers in military centers, his statements are contradictory to those made by General Riahi because the accused has stated: "Since it was assumed that HIM the Shah did not wish his name to precede that of Iran, it was ordered that the soldiers should pray for the country, in order that HIM the Shah might reign in an independent and free country; the morning and evening prayers of the soldiers for the continued existence of Iran does not indicate any treason against HIM the Shah."

General Riahi has alleged that on the proposal of the Commander of the Military College in order to prevent undesirable events the prayer in question was changed with the advice of Dr. Mosadeq; however, the said accused (Dr. Mosadeq) has not been able to prove his good will in altering the morning and evening prayers or in omitting HIM the Shah's name from the prayers, and has not shown why he did not take this action before receiving his dismissal order, or how it happened that these events which were against the monarchy occurred after the issue of the dismissal order and his refusal to obey it. Therefore, in short, the activities of the above-named from August 16 at 1:00 a.m. until August 19, singly and collectively, clearly fall under Article 317 of the Army Judicial and Penal Law. Considering the fact that the Army Prosecutor applied for a revision of the verdict issued by the Court of First Instance, the above-named is, by virtue of Article 317 of the Army Judicial and Penal Law, condemned to three years of solitary imprisonment, considering the fact that his age is over sixty years.

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The period of his detention since August 15, 1953, must be deducted from the period of his imprisonment.

For General Riahi:

In all the actions committed by him, General Riahi's aim was merely to facilitate the achievement of the aims of the accused No. 1 (Dr. Mosadeq). While having full knowledge of the aims and objectives of the above named, he has colluded with accused No. 1 to weaken the sense of royalty, shake the position of the monarchy, eliminate the monuments which indicated the existence of the monarchy, encourage the adversaries of the monarchy and the army, and prosecute those whose hearts were kindled with the fire for the love of the king and the monarchy. The issue of the instruction for the alteration of the morning and evening prayers by omitting the Shah's name from the prayer, the despatch of telegrams to the 6th Army Division of Fars and the Military Governor of Abadan to the effect that the Shah was a fugitive, the fact that he did not prevent the pulling down of the statues, and the instruction for shooting on August 19 at individuals who manifested their royal feelings are, in the opinion of the jury, sufficient proofs to corroborate his collaboration and complicity with accused No. 1, Dr. Mohammad Mosadeq.

Therefore, the above-named was an accomplice of Dr. Mohammad Mosadeq, and by virtue of Article 317 of the Army Judicial and Penal Law and Articles 23 and 29 of the Criminal Code, and Article 30 of the said Law, he is condemned to three years imprisonment with hard labor. The period of his detention since August 19 will be deducted from his term of imprisonment.

An appeal may be made to the Supreme Court against the above verdict within ten days of its declaration, with due regard to the circumstances mentioned in article 243 of the Army Judicial and Penal Law.

President of the Court of Revision for the Events of
August 16 to 19, 1953.....General Javadi

Signature of the Jury: General Isa Hedayat
Ebrahim Vali
General Nasrollah Khoshnevisan
General Ahmad Ajudani (substitute)
General Esetollah Zargani (assistant)
Lt.Col. Alahyari, Army Prosecutor

May 12, 1954 (3:30 p.m.)

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Appendix G



- 1 - Ministry of War
- 2 - The Majlis
- 3 - Arsenal
- 4 - Telegraph Office
- 5 - U.S. Embassy
- 6 - Police HQ
- 7 - Guards Barracks
- 8 - The Bazaar

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209

FROM: Mr. Roosevelt

6 January 1954

Attached hereto is available information in answer to the questions

*Questions
attached*

EO 13526 3.3(b)(1)>25Yrs

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1. No information is available which is not already contained in your study or which has not already been passed to you.

2. No information of merit has come to our attention as a result of the recent arrests of Tudeh Party members. Most of the information has been fragmentary in nature and will prove of value only after a thorough research job has been done.

3. It would appear that the Tudeh's chances of forming a permanent United Front with other opposition groups are slim. However, we do feel that the majority of opposition groups would not hesitate to align themselves with the Tudeh on an opportunistic basis, especially while their aim is the overthrow of the Zahedi government.

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~~TOP SECRET~~~~DRAFT~~**CAMPAIGN TO INSTALL PRO-WESTERN GOVERNMENT IN IRAN****AUTHORITY:**

Approval by [redacted]

on 11 July 1953

TARGET

Prime Minister Mossadeq and his government

OBJECTIVES

Through legal, or quasi-legal, methods to effect the fall of the Mossadeq government; and

To replace it with a pro-Western government under the Shah's leadership, with Zahedi as its Prime Minister

CIA ACTION

Plan of action was implemented in four phases:

1. [redacted]

to strengthen the Shah's will to exercise his constitutional power and to sign those decrees necessary to effect the legal removal of Mossadeq as Prime Minister;

2. Welded together and coordinated the efforts of those political fac-

~~tions in Iran who were antagonistic toward Mossadeq, including the power-~~

fully influential clergy, to gain their support and backing of any legal action taken by the Shah to accomplish Mossadeq's removal;

3. [redacted]

disenchant

the Iranian population with the myth of Mossadeq's patriotism, by exposing his collaboration with the Communists and his manipulation of constitutional authority to serve his own personal ambitions for power;

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Simultaneously, conducted a "war of nerves" against Mossadeq designed to reveal to Mossadeq and to the general populace that increased economic aid would not be forthcoming and that the U. S. viewed with alarm Mossadeq's policies:

- a. A series of public statements by high U. S. officials implying that there was little hope that Mossadeq could expect increased U. S. aid;
 - b. U. S. press and magazine articles which were critical of him and his methods; and
 - c. [redacted] absence of the American Ambassador, lending credence to the impression that the U. S. had lost confidence in Mossadeq and his government.
- [redacted]

RESULTS

The original D-Day set by CIA misfired when Mossadeq, learning of the plan through a leak [redacted] took immediate counteraction to neutralize the plan.

[redacted]

was launched in the interim period between the original and final D-Days to educate the Iranian population to the fact that, in view of the dissolution of the Majlis (effected by Mossadeq at an earlier stage to prevent its voting

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him out of power) and the Shah's decree removing Mossadeq as Prime Minister, Mossadeq's continued exercise of the powers of that office was illegal and that authority to govern the people rested solely and completely in the hands of the Shah.

The Nationalists and the Communists during this period inadvertently assisted our cause through their premature attempts to promote a republican government. This theme was contrary to the public's opinion, whose sympathies were with the Shah. The Shah's dramatic flight out of the country served to further intensify his people's sense of loyalty to him.

These actions resulted in literal revolt of the population, [redacted]

and security forces joined the populace. Radio Tehran was taken over, military were forced to act in quelling the riots and gained strength on the and Mossadeq was forced to flee on 17 Aug 53 momentum of the situation in support of the Shah.

The

The ouster of Mossadeq was successfully accomplished on 19 Aug 1953.

NOTE

2. That an adequate amount of U.S. interim economic aid would be forthcoming to the successor government.

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What led to downfall

1. Mossadeq overstepped the bounds by resorting to extra-legal-extra constitutional acts such as dissolving the Majlis. Whereas Mossadeq had resorted to certain illegal but cover acts such as ~~the~~ exceeding the legal limit in printing currency. He was able to remain in power mainly by his shrewd political maneuvering. Once he resorted openly to acts which flouted the constitution it was an admission of weakness. Not only was the ZEHEDI opposition impressed with this ^{sign of} weakness, but ^{the people were} alarmed at the gross ignoring of constitution and free play of Tudeh which Mossadeq was enlisting as ally in desperation.

2. Second illegal act was "plebiscite" which denied secret ballot & was blatantly rigged show. This also dramatically showed up fact Tudeh only major supporter of Mossadeq.

3. Mossadeq had been trading in on alleged U.S. backing of him and continually holding out hope of U.S. aid which would bail out the country. President's letter to Mossadeq disabused public of this fact.
4. opened talks with new Sov. Ambassador at Tehran on Aug. 13. This contributed to ~~a~~ increasingly believed thesis that Mossy was turning to Soviets.
5. Combination undemocratic procedures at home, realization Mossadeq would reach no oil settlement, ~~and~~ growing flirtation with ~~Foreign~~ Soviets and dangerous dependence on Jews which drove Shah to act.
6. Shah's act was purely legal and represented an act of courage, not intrigue. Mossadeq's actions to foil this, ~~and~~ was illegal and brazen in the extreme. It revealed to the Shah that Mossadeq was intent on wrecking completely the institutions of the Monarchy and

was a tip off as to possible Republican intentions. Shah realized that only a dramatic act on his part such as flight to Iraq would be necessary to shock people into realization of what had happened.

7. Next day Tudeh overplayed its hand by printing manifests calling for abolition of monarchy & proclamation of republic. This played right into Shah's hand. As happened in Azerbaijan in 1946, Soviet assumption that Iranians would rally to support such declaration was wrong. Soviets again reveal they victims of their own propaganda - do not understand true sentiments of Persians and were precipitous & overconfident of their ability to seize power.

8. Aug. 7. Malenkov speech, resumption of trade talks, precipitous acts of Tudeh, realization U.S. aid not forthcoming and realization no resumption of oil production possible under Mossadegh, revived traditional Iran fear of sliding too far into

orbit of any one foreign power.

"Sadd. Departed for first time since 1946 from tried policy of watching other foreigners take the brunt of Persian hostility - abandoned purely subversive approach which difficult to fight for fatal policy of more overt intervention.

1. Shah must succeed where Mossy failed - Must disarm adversaries from within & not appear to be dependent on any one foreign Govt. & get Persian oil moving.

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MESSAGE TO TEHERAN

8/19/54

Ref: (Incoming message asking that money be ready.)

1. We are ready with the necessary and await only your instructions concerning most suitable methods of transfer or deposit. Presumably some thought should still be given to security of transfers and this might call for "breaking up the package."

2. Do you plan use any of the locally available funds

We need to know how much to deposit here.

3. Foreign Operations Administration is prepared give immediate and favorable consideration to new programs of financial and economic assistance. Embassy's advice as to types and kinds of programs most urgently needed and best calculated to have desired effect, would be most helpful. Also require embassy advice and yours as to best timing for public release of information concerning new FOA programs.

4. Request you query McClure further concerning the "MAAG CUT" and solicit McClure's advice as to desired action by Pentagon.

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From Teheran, August 19

[REDACTED]
[REDACTED] be held immediately available to support new government and enable it meet government payroll. Will advise later how money should be deposited but see no need ship money out here.

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MSR
From Teheran, August 14.

FOR WASHINGTON ACTION: Zahedi will urgently need money to pay Government salaries at end this Persian month -- that is 22 August.

[REDACTED]

From Teheran, August 14.

Earlier meeting with Zahedi showed him firm of purpose but inhabiting dream world so far as his subsequent program concerned. Spoke of medical care for third class citizens, mechanizing agriculture and growing vast crops of cotton on Moghan steppes, equalizing wealth by income taxes, etc. [REDACTED] but we warning strongly against making impossible promises in early speeches. It clear Zahedi will need firm realistic guidance.

Intercept from Teheran Home Service:

Zahedi started to broadcast: He stated "I will raise the wages, give free medicine to poor. I will give you detailed information later."

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Security Information

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~~SECRET~~

8 May 1956

MEMORANDUM FOR: [REDACTED]

SUBJECT: Extracts from TPAJAX File

1. For our conversation of 8 May 1956, I am forwarding herewith a summary of the plan of action of TPAJAX and a more detailed description of that plan.

2. These pages have been extracted from the [REDACTED] SECRET file on operation of TPAJAX and we would appreciate their return at such time as is practicable.

Attachment: Appendix A & B
TPAJAX File

Distribution:

Addressee - Orig & 1

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OPPRESSION OF THE WORKERS BY MOSSADEQ DICTATORSHIP

The most striking evidence of the complete lack of concern of the Mossadeq dictatorship for the fate of our working class is reflected in the harsh, inhuman measures taken on Mossadeq's orders to repress any expression of popular dissatisfaction. Throughout the civilized world the working class has the strike as its only weapon against possible oppression by the employing class. Only in dictatorships such as Iran, Spain, Argentina and the USSR and its satellites are strikes either forbidden or suppressed by violence.

Perhaps our readers are not aware of what has happened at Tehran and in the provinces in recent months for the government has made every effort to keep the suppression of the workers from becoming a matter of popular knowledge.

On 25 Esfand the Tehran workers of the SNPI struck for higher pay, daily allowances of petrol, etc. The government quickly agreed to meet their demands but in the long drawn-out talks which have followed nothing at all has been done for these workers.

On 9 Farvardine the Isfahan workers in the Wool Spinning Plant and in the Shahnaz spinning plant went out on strike. A day later the workers in the leather factory at Isfahan went out on strike to demonstrate their solidarity with their brother workers. By the 16 Farvardin some 6,700 workers at Isfahan, including the personnel from the Sayendeh Rud and other mills had joined the strike. At last the government of the dictator was forced to do something about the legitimate complaints of the workers and the Minister of Labor himself pretended to take a personal interest in the case. On 24 Farvardine the kind government announced that the strike had been settled. The deluded workers went back to their jobs only to find that the employers re-

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fused to do any of the things that had been promised and to find that the government had no interest at all in them once the commission had gone back to Tehran. On the 5th Khordad eighty of these wretched workers of Isfahan painfully collected enough money to send telegrams to Tehran protesting that their condition was worse than before. Were funds available to the workers, thousands of such telegrams would be sent to Mossadeq himself.

On the 10th Farvardine, the underpaid workers of the spinning plant at Semnan went on strike and as a result of orders sent from Tehran 190 of them were at once dismissed from their posts.

On 22 Farvardine many workers at Abadan and Khorramshahr went on a 24-hour strike of protest against the dictatorship at Tehran. As a repressive measure the government withheld their pay for this period.

On 14 Ordibehesht at Tehran 2,500 workers of the Tobacco Monopoly plants stopped work after their repeated and reasonable requests had received no attention at all from the government. Five days later this strike ended after the government had faithfully promised to meet their legitimate demands. But from that date until the present absolutely nothing has been done for them.

On 16 Ordibehesht the wave of legal strikes and protests seemed to grow for on that day workers at the Kashan spinning plant, workers in the factories at Bushire and employees of the sugar refinery at Turbat-i-Haydarieh went out in protest over low salaries and lack of housing facilities.

On 19 Ordibehesht the laborers in the Kalkatechi plant at Tabriz went out in strike to protest against the brutal arrest of their representatives by the police. Some 600 workers went out in protest to be met by police brutality in force as a result of which many were seriously injured and many others were thrown into prison.

On the 20th Ordibehrest some 400 workers of the Azerbaijan factory at Qazvin went out on strike claiming that they could not even feed their families unless they were given a 50% increase in wages.

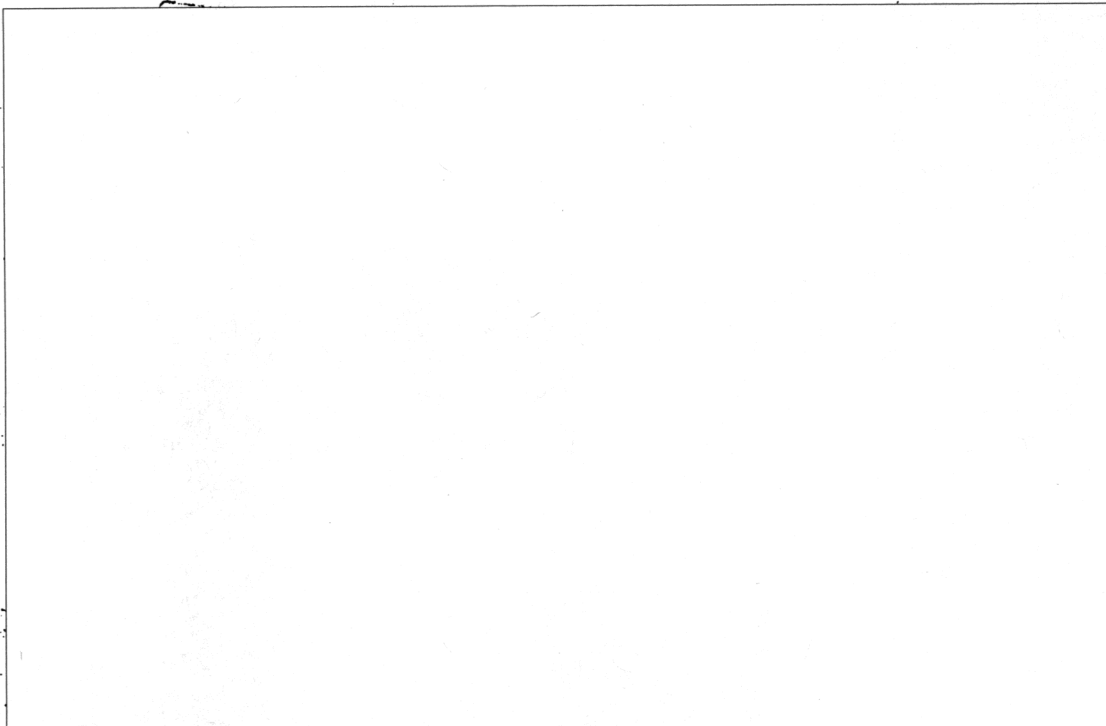
On 6 Khordad, 800 of the rug weavers at Mamadan struck and on the same day workers at the Tehran silo were beaten and arrested because they dared to complain.

The above list represents but a very, very few of the strikes that have taken place in every corner of our country. While Mossadeq presents himself as the indispensable man and as the great friend of the people, the working masses sink deeper and deeper into poverty and wretchedness. What will he do when hundreds of them are reduced to begging on the streets of Tehran?

Unfortunately the pattern by which the Mossadeq dictatorship represses the toilers is only too clear. In the first case, the police are instructed to beat and arrest the leaders of the strikers and their followers so that the workers will be afraid to demonstrate for their rights. If this measure fails then the government pretends to take an interest in their condition. A commission arrives, headed by some personal favorite of the dictator, which promises the workers everything they ask. These poor, simple people are made happy quickly, easily and at no cost to anyone. Then the commission goes off and workers wait in vain for something to happen. Again they are forced to strike but by the second or third strikes they are so worn by hunger and disillusionment that their efforts are less effective even than before.

Who will befriend the workers and toilers of Iran and save them from the crushing burden of dictatorship?

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MOSSADEQ'S DESPARATE ADVENTURE

Suppose that you were the dictator Mossadeq and were really desperate for money, just enough money to keep the nation from going bankrupt. I suppose you would try any and every measure, and this is just what our dictator has done. He tried to drain off the last savings of the people in a series of national bond issues but not even the most deluded of the nation would subscribe to a second issue. He tried to get \$300 million, \$200 million, or even \$100 million from the rich America, but the Americans did not want to give him anything. He withdrew all Iran's contribution to the Monetary Fund and in a few months Iran's reputation throughout the world will be severely damaged when he has to acknowledge that he cannot pay back this amount. He is said to have tried to get money from the USSR, but it seems impossible to get even one gold coin back from the seventeen tons of Iranian gold held at Moscow. But perhaps he did not try very hard. On the one hand he drove foreign insurance companies and foreign airplanes for the right to operate in Iran, at a rate of taxation quite unknown elsewhere. He forced officials of the Bank Melli to make loans to various ministries and organizations of the government far beyond the limits set forth in the laws and he has forbidden them to make any mention of this fact. This is why the Bank Melli no longer publishes a consolidated balance sheet.

Through all of the above means and a number of others which have been equally dangerous or dishonest he has been able to find funds for paying the government employees and the army. But every month the situation gets worse and there is no possible hope that it can change for the better. The revenue from 50% discount sales of oil abroad bring in nothing at all since they do not even cover the running expenses of the national oil companies. Iran might, as Mossadeq once said, be better off without any oil. Iran certainly

would be better off without Mossadeq. This last point we must all agree upon when we are made aware of the dictator's last desperate venture.

Only one course of funds appears to remain in the search so ceaselessly carried on by the dictator, and this source he is now most concerned about. Some weeks ago he instructed the Shah to invite the Crown Prince of Saudi Arabia to come and visit Iran. The Shah acquiesced since there was nothing else he could do. Months ago the dictator had told the Shah that if he fails to carry out any order of Mossadeq he will be dethroned and the Qajar dynasty brought back to Iran with Mozaffar Firuz placed on the throne. So the Crown Prince has been invited and official circles state that his visit will be marked by the signature of a trade agreement between Iran and Saudi Arabia. What kind of a trade agreement? All that the Arabs have for export is oil. Are we going to obtain oil from Ibn Saud in return for the rice, wheat and cotton so badly needed at home and which Mossadeq is trying so hard to sell abroad? No. There will be no trade agreement. Instead there will be a direct appeal from Mossadeq to the Crown Prince for a loan of \$200 million. At the same time Mossadeq will inform the Shah that he too must push this same request for a loan and for the same amount if he wishes to preserve the same amount if he wishes to preserve the Pahlevi dynasty.

What will the outcome of this last desperate venture be? Does Mossadeq really think that Ibn Saud will throw away his precious dollars gained from America on this senile old man. Within Iran Mossadeq may threaten, arrest, imprison, and torture his opponents and all those who do not appreciate his true merit but fortunately for Ibn Saud, Mossadeq has no power over Saudi Arabia. Perhaps Mossadeq will threaten that Iran will invade Bahrein unless the loan is forthcoming. That would surely make Ibn Saud tremble. What a vision - our brave commander-in-chief landing on the shores of Bahrein at the head of his national front.

8 July 1953

THE OPIUM GOVERNMENT

As difficult as it may be to find anything good to say about Ahmad Qavam, it must be admitted that he had one positive goal and really tried to attain this goal. This goal was to rid Iran of the malignant cancer of opium. The decree issued by his cabinet forbade the growth, sale and use of opium and thousands of patriotic Iranians were delighted to hear of this step.

Only those of our countrymen who have traveled abroad are aware of the fact that foreigners despise Iran - and with good reason - for one thing alone. That thing is the fact that the opium habit grips 70 per cent of our population including that same percentage of our cabinet ministers. Now, the Europeans wonder, can any country with a claim to culture and civilization practise self-drugging and self-corruption on such a scale. Thus, those foreigners believe that only the most backward of peoples still drug themselves with opium and hashish and that their governments must be equally backward in allowing such practices to continue.

One man alone stands between the Iranian people and their real desire to rid the country of opium. This is dictator Mossadeq whose moral sense is unfortunately nonexistent and who must have the revenue which opium will bring in. As a doctor of something or other Mossadeq must know of the evil effects of alcohol and opium on the human system. He must also have heard in his simple youth that the use of drugs is forbidden by Islam.

Let us look briefly at the case against alcoholic products. You all know that a sound, carefully planned bill to prohibit the production, sale and consumption of such poisons was prepared two years and more ago and was approved by a committee of the Senate and by one of the Majlis. Why has not it been enacted into law? Or why did not Mossadeq use his full powers to put it into effect? Again, the answer is money. Mossadeq worships money and money alone and he cannot bear the thought of giving up the revenue deriving to the government from taxes on alcoholic poisons.

Instead, we present to the world our Opium Government whose aim is to produce more opium with each passing year. Thus the dictator's people can be drugged into a state of non-opposition and thus the world's pharmaceutical market can be flooded with Iranian opium. Of course, Iranian opium is of a very high quality - so high that much of it is smuggled out of Iran with the connivance of the government and this traffic brings in even higher returns.

Probably few of our readers follow carefully the manner in which the dictator sells his huge supply of opium. We cannot refrain from informing our readers that in Farvardin of this year our Ambassador at Washington was instructed to dispose of 550 cases of opium at the very best price he could obtain. Word soon came back that this quantity had been sold for \$1,100 a case. All praise for such a transaction. The price obtained shows that Saleh is a clever trader and the fact that he did so well at the job shows that he is indeed capable of taking over the government as Mossadeq's successor.

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Since foreign exchange is so scarce in Iran these days - (Why is that the case, Dr. Mossadeq?) - the fact that Saleh gathered in \$609,000 was certainly a cause for rejoicing. This figure does sound large to us until we start comparing it to other things. Mossadeq's opium production, although expanding every year, cannot now bring in more than two or three such sales in one year. On the other hand \$609,000 is about what the USSR spends in one month in Iran to support the Tudeh Party, the Soviet Front organizations and newspapers and to pay off its spies and its agents within the Mossadeq government. Also, we might point out that \$609,000 is far less than the \$300,000 a day which the dictator Mossadeq promised Iran would have as its income once the oil industry had been nationalized.

The Opium Government has already expressed its dissatisfaction with the activity of the long established Anti-Opium League of Iran and one day we may find that they have been sent to jail for their efforts. Certainly they will be arrested if they are bold enough to send one more report on the subject of the government sponsored production of opium in Iran to the Opium Control Administration of the United Nations. The United Nations has already gone on record with a condemnation of Iran and has pointed out in very clear and simple terms that Afghanistan, a very near neighbor of Iran, absolutely and completely forbids the production, sale and use of opium within its frontiers. May Mossadeq learn from the Afghans if not from his fellow Iranians.

MOSSADEQ'S SPY SERVICE

Mossadeq says he is the savior of Iran, but he does strange things for a savior. Mossadeq says he wants to save Iran from the army and he has cut down the funds for the army and has stirred hatred among the officers and men. But many of us remember what it was like in Iran before we had an army. Many of us remember the raiding and pillaging of the tribes. Many of us remember the burned villages, the stolen goods, the disruptions to trade and travel. We would like to ask Mossadeq how he will save Iran from the tribes without an army. We imagine he will ask his good friends, the murderous Qashgai Khans, to protect us.

Mossadeq says he will save Iran from the landowners. However, he has received large sums from landowners such as the Aminis. We too want to save Iran from the landowners but we wondered what Mossadeq does with this money. Does he use it to help our farmers buy their own land? No! Mossadeq uses this money to build up his private spy service. And does he spy against the Soviet Tudeh Party that tried to rob Iran of Azerbaijan? No! He spies against his friends who helped bring that national movement into power and who helped Iran regain its oil. Mossadeq's spies are protecting Iran by watching the homes of Hakimi, Shayegan, Maki, Dr. Baghai, Haerizadeh and Shams Qanatabadi. They are protecting Islam by watching the homes of Ayatollah Kashani, Ayatollah Behbehani, Kullah Hasan Falsafi, Navab Safavi and the Masjid-i-Shah. They are guarding against Bolshevism by watching the headquarters of the Iran Party, the Third Force, The Sumka Party, and the Arya Party. They protect us from enemy propaganda by spying on the newspapers Tehran-i-Mossavar, Jebheh Azad, Kayhan, and Mard-i-Asia. They are safeguarding our army by watching the Officers Club, the Retired Officers Club, and the house of General Riahi.

Is this the way you save Iran, Mossadeq? We know what you want to save. You want to save Mossadeq's dictatorship in Iran?

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OUR NATIONAL CHARACTER

As long as foreigners have been coming to Iran - since the days of Shah Abbas - they have written many flattering things about Iranians in their books published in Italy, Germany, France and England. They complimented us highly and listed us as the most polite people in the world and among the most hospitable. They told their readers in Europe and America that we were polite to visitors and very tolerant of men of a different race and religion. Chardin, the astute French observer of the Iranian scene, made a very profound statement on this characteristic of politeness. The foreign travelers in Iran have described us as a gentle people with a wonderfully rich culture - a people that likes to spend long hours in friendly discussion but that abhors any form of physical violence. They wrote that Iranians love poetry, art and beauty and despise vulgarity and incivility.

We Iranians are proud of our reputation abroad and believe that it is justified. There have been times in our past when we have not lived up to our reputation. We remember with shame what happened to Major Imbrie many years ago when a few people forgot our traditions of hospitality and tolerance. We have long been determined that such events do not recur in our country.

But what has happened in Iran since the dictator Mossadeq made an alliance with the Soviet Tudeh Party? In place of our traditional friendliness, politeness, and hospitality, Iranians are becoming rude and unfriendly. Some of our people have been insulting foreigners on our streets. In place of our traditional tolerance, Iranians are acting increasingly hateful towards people who are different. Some of our people have even gone so far as to have thrown acid on the wife of the Argentine Ambassador. In place of our traditional gentleness

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and abhorrence of violence, Iranians are becoming noisy and rough and are resorting to physical violence. Some of our people have attacks foreigners and have stoned foreign cars and many times in recent days groups of our people have fought each other - even in the Majlis. Already our reputation of old is being destroyed in Europe and America. It is reported that Secretary Dulles was advised not to visit our country because of the dangers of physical violence.

Ever since the alliance between the dictator Mossadeq and the Tudeh Party, Iranians have been less polite, less hospitable, and less tolerant. Iranians have been rude, rough, and unfriendly. Many of our people are acting more like Bolsheviks than like Iranians. Dictator Mossadeq, you are corrupting the character of the Iranian people. You have case aside the qualities that have made us a great people and you are destroying our reputation abroad.

Many of us - but not enough of us - are aware that the fundamental tactics of the communists in Iran is to undermine and discredit everything that keeps the country together, such as family ties and parental authority, respect for law and order, loyalty to the government and the throne. If they can corrupt our characters then all the rest that they desire will follow along easily. That is the great trap into which Mossadeq has fallen, to join with the communists in encouraging us to be rude, uncouth and coarse. We Iranians must stop acting like Bolsheviks and remain true to our traditional national character.

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HOW MOSSADEQ MAKES ENEMIES OF OURNEIGHBORS

For one hundred and fifty years and more Iran has been oppressed by the great imperialist powers to the north and to the south. They have robbed us of Georgia, Armenia, and the Transcaucasia and they have tried to rob us of Kurdistan and Azerbaijan. They have stolen our oil and have pocketed huge profits that should have belonged to Iran. They have partitioned our country and have stirred the tribes against our government. They have bribed our leaders and have conspired with selfish landowners to corrupt our cabinets.

Every time Iran started down the road to progress the imperialists stopped us. When Morgan Shuster began taxing the landowners, stopping tribal looting and bringing prosperity to Iran the Russians sent an ultimatum demanding his dismissal. When Dr. Millspaugh seemed to be solving many financial problems that had plagued Iran for years, imperialist agents made sure that he would leave Iran. And after the government had spent \$600,000 preparing the Seven Year Plan to build a new and prosperous Iran, imperialist agents sabotaged the plan.

Two years ago the people of Iran decided that the time had come to destroy the imperialist control of our fatherland. We started with oil and the entire country rallied behind the banners of national liberation and followed Dr. Mossadeq in a holy battle to recover Iran's oil for the people of Iran. At that time we won a great victory and threw the imperialists out of our oil fields. But we know very well that winning the first victory does not necessarily mean winning the war. Hitler Germany won the first victory and Imperial Japan won the first victory but they both met ultimate defeat. Iran's war against imperialism has just begun.

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If we are to win this titanic struggle with the imperialists we must have friends and allies. We do have many great and good friends who will help us in our struggle against imperialism. All Islam is fighting imperialism and all Islam wishes us well in our struggle. Dr. Mossadeq should do everything in his power to cement the friendship of Iran with its neighbors. But in his two years in power Dr. Mossadeq has forgotten his holy duty to Iran and to Islam. Instead of building closer friendship with all Islam, Dr. Mossadeq has antagonized our neighbors. The government-paid newspapers carry daily attacks against Iraq, Saudi Arabia, Kuwait, Turkey, Afghanistan, and Pakistan. Dr. Mossadeq has ordered the army and tribesmen to raid our neighbor's villages along our borders. Now our friends on our borders who have given us their loyal support in our great struggle are turning against us. .

Let us look for example at what Khalil Ibrahim, the Deputy Director for Public Propaganda in Baghdad, has told correspondents about us.

"For the past few months several Iranian newspapers have been conducting a campaign of hatred and vituperation against Arabs and particularly against Iraq. Some of these papers are out and out Zionist papers, some are wire-pulled by the Jewish agency, but some seem to be inspired by governmental quarters. At a time when the Islamic Arab peoples are fighting a desperate battle with Zionism, government-paid papers in Islamic Iran have chosen to attack the Arabs. Yet the attitude of the Iraqi press, despite these attacks, has always been extremely friendly and has supported Iran in its life and death struggle with the imperialists.

"Notwithstanding the friendly stand taken by the Iraqi government in support of her neighbor Iran, a new series of outrages have, in recent times,

been perpetrated against Iraq. Armed Iranian soldiers have begun to infiltrate Iraqi territory and armed tribesmen have been allowed to cross the border into Iraq. They have committed outrages on the inhabitants of peaceful villages contiguous to the frontier and have looted cattle and everything they could lay their hands on. Then they returned to Iran with their loot.

"The Iraqi Foreign Office has lodged many protests with the Iranian government but for some unexplained reason, the outrages continue. A few days ago twenty Iranian soldiers and a number of tribesmen trespassed Iraq territory and looted 615 head of sheep belonging to the tribe of Jah in the village of Lale Beh and shot an innocent shepherd.

"Last week Iranian soldiers and tribesmen trespassed upon the Benasawa area and penetrated Iraqi territory to a depth of five kilometers. When they attempted to loot the sheep of the village, the owners of the sheep and the police resisted them and in the ensuing clash some casualties were inflicted. Eight Iranian soldiers and ten tribesmen were arrested within Iraqi territory and they were conveyed to Penjwin.

"By this time, a note of protest will have been delivered to the competent Iranian authority. The Iraqi government adhered to the bonds of friendship that bind her to her neighbors and seeks always to maintain and cement these bonds but Iraq must preserve the sanctity of her territory and the lives and property of her nationals and the Iraqi government will deal most severely with any future incursions from Iran into Iraq and will hold the government of Iran strictly accountable."

So Dr. Mossadeq is busily destroying the friendship of our neighbors for Iran and eliminating any possibility of their support for Iran in its struggle with the imperialists. The strength of a democracy must reside in its friendly relations

with all its neighbors. Iraq, Turkey, Afghanistan and Saudi Arabia have clearly stated their desires for good relations with us. Now we see them rebuffed and abused by Mossadeq. How can we reach our neighbors to show them that the true people of Iran have only friendship in their hearts?

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DR. MOSSADEQ AND REZA SHAH

Dr. Mossadeq has claimed for many years that he is a liberal born and bred. He has claimed to be Iran's greatest champion of the individual freedoms, of free speech, free press, and freedom to assemble. He has claimed to support a free executive, a free legislative, and a free judicial branch of the government. He has claimed to favor free elections and the abolition of coercion by the police or other officials. He has claimed to be completely devoted to the independence of Iran and determined to eradicate all foreign influence. He has claimed to be the staunchest upholder of the constitution.

Dr. Mossadeq fought for many years against the dictatorship of Reza Shah and came to be thought of as one of Reza Shah's greatest and most courageous opponents. He fought Reza Shah's control of all branches of the government, he fought Reza Shah's censorship of the press, he fought Reza Shah's imposition of martial law and the unfair trials and torturing of prisoners, and he fought Reza Shah's rigging of elections. Even as late as the 16th Majlis, Dr. Mossadeq fainted when he visited a prison and fainted again while denouncing the use of martial law. At the time of the Sixteenth Majlis he told Ali Mansur that he could not cooperate with the government unless martial law was removed. And twice in this period he took refuge at the Court and pleaded with the Shah to intervene in his behalf - a favor that the Shah readily granted.

Now after two years as Prime Minister, Dr. Mossadeq has written his record clearly so that all can read it and we are able to judge for ourselves just how liberal is Dr. Mossadeq.

Dr. Mossadeq fainted when Ali Mansur invoked martial law, but he shows little reticence at invoking martial law himself. Even though the Majlis has not

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approved Mossadeq's edict invoking martial law, which makes any enforcement of that martial law illegal, Mossadeq has directed the police and the army to enforce it. Now the great liberal Mossadeq throws men in prison at the slightest pretext and refuses to tell them why they are jailed.

Dr. Mossadeq once fainted at the ill-treatment of prisoners but now that he is the man in charge he has lost all of his qualms and seems to take a sadistic pleasure in the punishment of prisoners. Just a few months ago Dr. Mossadeq ordered the torturing of Mr. Khatibi. Mr. Divshelli described the hideous torture that Mr. Khatibi underwent before he confessed. It seems Dr. Mossadeq is learning well from his Tudeh associates the technique of torture. The communists can force a prisoner to confess to anything. Dr. Mossadeq has yet to reach this stage of proficiency, but we are sure that under such expert tutelage Dr. Mossadeq's technique will improve.

Dr. Mossadeq bitterly lamented the brutal censorship of the press by Reza Shah and wept crocodile tears at the imprisonment of opposition editors. But Dr. Mossadeq is no longer in the opposition and the Press Law that he authored and pushed through the Majlis is far worse than anything seen before in Iran. Every month many papers are suppressed, presses are destroyed and editors are beaten and imprisoned for daring to oppose the government. But it is interesting that one set of "opposition" papers suffer only occasionally - the Tudeh papers.

Dr. Mossadeq condemned in the strongest possible language the dictatorial control of Reza Shah and the contravention of the constitution by Reza Shah. But today Dr. Mossadeq has greater powers than Reza Shah ever had. The Plenary Powers Law makes a fiction of the free legislature and the free judiciary that

Mossadeq swore to uphold. Mossadeq is the entire government and he can and does ignore the Majlis and the justices. He stopped the national elections when he thought they might go against him, and then when even the rump Majlis refused to do his bidding, he had his stooges resign, and thereby he tried to destroy the effectiveness of the Majlis. When the Supreme Court refused to do his bidding, Mossadeq forced the highly respected justices to resign. Mossadeq is attempting to force the Shah - the man who twice intervened in Mossadeq's behalf - to leave the country and he is attempting to so weaken the army that it can no longer uphold the constitution. Mossadeq laughs at the constitution he once defended at such lengths and under his rule it has become nothing but a piece of paper. It is ironic that Dr. Mossadeq led the fight to prevent the granting of plenary powers to Dr. Millspaugh and to Dr. Nasr. He said that there was great danger of dictatorship in making such a grant. How right you were, Dr. Mossadeq!

So now we see how liberal Dr. Mossadeq is. He has outdone Reza Shah in contravening the constitution and is depriving the Iranian people of their personal freedoms. All the principles that Dr. Mossadeq, the great opposition spokesman, swore to uphold in his many speeches to the Majlis, faded when Dr. Mossadeq rose to power. Dr. Mossadeq is no more a liberal than was Reza Shah and in many ways Mossadeq has modeled his dictatorship on that of Reza Shah. But there is one great difference. Under Reza Shah's dictatorship we had order and security. Under Dr. Mossadeq's dictatorship we have confusion, disorder, poverty and insecurity.

NEGATIVISM AND POSITIVISM

At the end of World War II our fatherland was balanced on the edge of the precipice of destruction. Our people were impoverished and dispirited. The imperialists in the north, whose troops had remained in Iran long past the date they had solemnly promised to leave, had separated Azerbaijan and Kurdistan from the Iranian fatherland and were demanding control of our oil resources in the north. The imperialists in the south had a strangle-hold on our greatest source of wealth - our southern oil fields. Most of the world expected to see Iran fall from the list of free nations.

But the spirit of the Iranian people revived and the world watched with surprise and amazement as Iran remembered its past glory and forced the imperialists in the north to depart from Kurdistan and Azerbaijan, to remove their soldiers from northern Iran, and to give up their demands for our oil. At the same time the Majlis informed the imperialists in the south that Iran wanted more of the profits from the sale of our oil in the south and wanted more Iranians employed in posts of responsibility in the Abadan oil refinery.

The people of Iran thrilled to the echo of past greatness and were impatient to remake their homeland into a great power. But the responsible men in Iran cautioned against impatience. The newspaper Darya warned its readers that the mistakes made by Reza Shah should not be repeated. Instead of garnishing an old decaying house with a brilliant luster as did Reza Shah, we must rebuild the foundation of the house and make it strong enough to withstand the greatest crisis and not collapse as did the house of Reza Shah in Shahrivar.

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To survive and to regain its former greatness, Iran had two great tasks. There was the negative task of wresting Iran from the control of the foreigners and the one thousand families. There was the positive task of rebuilding Iran from the bottom up - of increasing the number of schools and of improving the health of our people.

Two years ago we fought the final battle to regain the southern oil for Iran. With the exception of the Tudeh Party and the one thousand families our entire nation stood united against the imperialists and we won a great victory. Dr. Mossadeq led us in our struggle two years ago and all patriotic Iranians loved and admired their chosen leader.

The people of Iran won this first great battle, but a far more difficult battle remained to be fought. It was a battle that demanded infinitely more courage and sacrifices and, more, it required hard and patient work. This battle was the battle to rebuild Iran. There would be no spectacular victories to stir the enthusiams of the people and yet if this battle was not won all hope for a new Iran would be lost. It required far greater leadership to win this battle.

The government of Iran had the blueprint for victory in this battle against poverty, illiteracy, and sickness. The people of Iran spent \$600,000 to have a company of experts draw up the Seven Year Plan that outlined in detail what was needed to win the battle. It remained only for Dr. Mossadeq to execute the plan.

But today, after two and one half years in power, what has Mossadeq done towards implementing the Seven Year Plan? Nothing! He has wasted what money has been raised for the plan in building a patronage network, and nothing had been done for the poor people of Iran. Dr. Mossadeq was a great leader in our negative battle, but he has done nothing to win our psoitve battle. Two years ago the Iranian people were filled with a spririt of hope and enthusiasm. They were

willing to make any sacrifice Dr. Mossadeq asked of them. But Dr. Mossadeq lost sight of his goal of rebuilding a prosperous Iran and turned his thoughts to building his personal power position. Our people became confused and disillusioned when Dr. Mossadeq turned against the men who had helped bring Iran victory such as Hossein Maki, Dr. Baghai, and Ayatollah Kashani. Our people became frightened and angry when Dr. Mossadeq turned to the Soviet Tudeh Party and the one thousand families for support - the very people whom we had fought and defeated in the great battle of two years ago.

Iran was well on the road to total victory two short years ago, but we have lost much ground since then. We can still win. Our people are still determined to build a new, prosperous country. But we cannot win this battle with Dr. Mossadeq at the helm. Dr. Mossadeq, it is your patriotic duty to the Iran you claim to love, to resign and make way for a new leader who can lead the Iranian people to final victory.

Clandestine Radio Azerbaijan (at Baku) has been plugging the "military coup" line for several months. A few references to this activity follow:

1 May 1953 At present the American Ambassador at Tehran is engaged in a fresh double cross. With the aid of such spies and traitors as Ala, Zahedi, Haerizadeh and Mir Ashrafi and of bogus religious leaders such as Behbehani. These elements want to make a military coup to liquidate the Mossadeq govt and establish a new govt. Among those involved are those German fascists now in the service of the Americans.

7 May 1953 The murder of Afshar Tus was one of a continuing series of plans which the Americans and British are making with the son of Reza Khan. The chief instigators of these plans are the American Ambassador and the son of Reza Khan. In the past these plans have included the Qavam incident, the Bakhtiari incident, etc.

15 May 1953 The Persian monarchy was established by the imperialists and its continued existence serves their purposes. Thus, the Shah and the American imperialists are trying to stifle the voice of the people through a military coup.

7 July 1953 All the intrigues of the American and British imperialists and the subversive actions of the Shah for staging a military coup are related. All these actions are part of a wide plan that is being carried out all over the country. It has involved the Afshar Tus affair, the Bakhtiari uprising, distribution by the army of arms to the Kuh-i-Giluyeh tribes, meetings between army heads and tribal leaders at Kermanshah, meetings in Khorasan, staged demonstrations at Meshed, arms given out at Mehabad, tribal conferences by the tribal section of the U.S. Embassy etc.

Substance of this was conveyed to Director, CIA, 17 July, to indicate to him that "military coup" line of state wire 109 of 16 July was not a new one. This is to remain in the file to backstop any other such query.

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3 July 1953

MEMORANDUM FOR: CNEA

SUBJECT: News Bulletin

The following bulletin has been received in this branch:

"London Reuters Radioteletype in English to New York 1937 7/2

(Excerpts) Teheran-- Russian Ambassador Ivan Sadchikov, due to leave here today for Moscow for reassignment, has postponed his departure for 2 weeks.

The Iranian Ambassador in Moscow, Nader Arasteh, who was about to return here on leave, has been instructed to remain in the Russian capital until new talks between the two countries are well under way, it was learned today.

Iran's Foreign Office is reported to have completed draft instructions for Arasteh, who recently met Vyacheslav Molotov, the Soviet Foreign Minister.

EO 13526 3.3(b)(1)>25Yrs

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2 July 1953

MEMO To: Mr. Roosevelt

RE: TPAJAX

For your information the Iranian Press, 30 June 1953, reported the arrest of Dr. Jamshid MOFAKHAM, former Under Secretary of National Economy. The arrest was made under Article 5, Martial law.

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(Text)

New York--THE NEW YORK TIMES (sic) published an article by its observer Allen who says: "The Mossadeq Government will fall before the close of this year. Iran is in the throes of a rapidly intensifying political and economic crisis, and the aged and ailing Premier is nearing the end of his turbulent rule.

"He will probably be ousted by arms, as happened in Egypt last year when King Farouk was kicked out. The Iranian Army is strongly pro-west with especially close ties to the United States, that is supplying it with modern equipment and training personnel.

"These highly significant conclusions were the first ones definitely reached at the 'Big Three' Foreign Ministers' Conference here. They were based on reports from both American and British sources in Iran. This explosive Middle Eastern situation has been a major Washington-London problem since the start of Mossadeq's hectic domination. The United States authorities made repeated efforts to settle his bitter feud with the British, but all were thwarted by his extremist demands.

"Meanwhile, political and economic conditions deteriorated to a point where an upheaval and Mossadeq's ouster are deemed inevitable. Iran suffered a smashing economic blow as a result of the drop in the world price of oil. Authoritative financial reports indicate that the Mossadeq Government is virtually bankrupt.

"That is what Secretary of State Dulles told the House of Representatives Appropriations Committee during a private conference on the foreign aid budget. Dulles, who did not visit Iran during his recent Middle East tour, stated that he had advised President Eisenhower to withhold further economic assistance to Iran until an agreement is reached on the long-pending oil dispute with Britain. Asked what effect the fall of Mossadeq would have on United States relations, Dulles made the following significant reply: 'Any Iranian Government other than a Communist one would be better for us than the present government. We found it impossible to deal with Mossadeq.'"

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Date 6 July 58

59-11

BAGHDAD IRAQI HOME SERVICE IN ARABIC 1700 7/9

(TEXT) THIS EVENING DEPUTY DIRECTOR FOR PUBLIC PROPAGANDA KHALIL IBRAHIM HELD A PRESS CONFERENCE IN THE BROADCASTING SERVICE OFFICES ATTENDED BY CORRESPONDENTS OF THE ARAB NEWS AGENCY AND FOREIGN NEWS AGENCIES AND GAVE THEM THE FOLLOWING ANNOUNCEMENT:

YOU ARE AWARE THAT SOME IRANIAN PAPERS ARE CONDUCTING A CAMPAIGN OF ATTACK AGAINST ARABS AND AGAINST IRAQ IN PARTICULAR. SOME OF THESE PAPERS ARE NOTHING BUT OUT-AND-OUT ZIONIST PAPERS, SOME ARE WIRE-PULLED BY THE JEWISH AGENCY, WHILE SOME ARE INSPIRED BY OTHER QUARTERS. YET THE ATTITUDE OF THE IRAQI PRESS, DESPITE THESE ATTACKS, HAS ALWAYS BEEN EXTREMELY FRIENDLY, IN DEFERENCE TO THE EXISTING STATE OF AFFAIRS IN IRAN.

IT IS TO BE REGRETTED THAT, NOTWITHSTANDING THE FRIENDLY STAND TAKEN BY THE IRAQI GOVERNMENT TOWARD HER NEIGHBOR IRAN IN DIFFERENT CIRCUMSTANCES, IRANIAN OUTRAGES IN RECENT TIMES HAVE ASSUMED A DIFFERENT CHARACTER, WHICH IS FAR FROM SATISFACTORY. ARMED IRANIAN SOLDIERS HAVE BEGUN TO INFILTRATE IRAQI TERRITORY AND TO COMMIT OUTRAGES ON THE INHABITANTS OF PEACEFUL VILLAGES CONTIGUOUS TO THE FRONTIER. THEY LOOT THEIR CATTLE AND ANYTHING THEY CAN LAY THEIR HANDS ON. THEY THEN RETURN TO THEIR POSTS WITH THEIR LOOT.

NOTWITHSTANDING REPEATED NOTES OF PROTEST LODGED BY THE FOREIGN OFFICE, THESE ENCROACHMENTS CONTINUE. AN INSTANCE OF THIS TOOK PLACE A FEW DAYS AGO WHEN 20 IRANIAN SOLDIERS TRESPASSED UPON SOME ARAB TERRITORY, ACCOMPANIED AND LOOTED AN ESTIMATED 615 HEAD OF SHEEP BELONGING TO THE TRIBE OF (JAH) IN THE VILLAGE OF (LALE BEH), AFTER THE SHEPHERD WAS WOUNDED BY GUNSHOT.

PRIOR TO THAT INCIDENT, THREE IRANIAN SOLDIERS WERE APPREHENDED WITHIN IRAQI TERRITORY. THEY WERE RETURNED TO IRAN TOGETHER WITH THEIR ARMS, TO PRESERVE THE FRIENDLY RELATIONS EXISTING BETWEEN THE TWO COUNTRIES.

LAST WEEK IRANIAN SOLDIERS TRESPASSED UPON THE (BENASUWA) AREA AND PENETRATED IRAQI TERRITORY TO A DEPTH OF ABOUT FIVE KILOMETERS. WHEN THEY ATTEMPTED TO LOOT THE SHEEP OF THE VILLAGE, THE OWNERS OF THE SHEEP AND THE POLICE RESISTED THEM AND IN THE ENSUING CLASH SOME CASUALTIES WERE INFLICTED. EIGHT IRANIAN SOLDIERS, INCLUDING THE ONE IN CHARGE OF THE IRANIAN OUTPOST, WERE ARRESTED WITHIN IRAQI TERRITORY, AND THEY WERE CONVEYED TO PENJWIN.

BY THIS TIME, A NOTE OF PROTEST WILL HAVE BEEN DELIVERED TO THE COMPETENT IRANIAN AUTHORITY. THE IRAQI GOVERNMENT, VIGILANT TO SAFEGUARD THE SANCTITY OF HER TERRITORY AND THE LIVES OF HER NATIONALS AND THEIR PROPERTY, ADHERES AT THE SAME TIME TO THE BONDS OF FRIENDSHIP THAT BIND HER TO HER NEIGHBOR IRAN AND SEEKS ALWAYS TO MAINTAIN AND CEMENT THESE BONDS.

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28 July 1953

MEMORANDUM FOR: Deputy Director (Plans)

SUBJECT:

Statement concerning Iran made by the Secretary of State at his press conference of 28 July 1953.

1. NEW YORK TIMES correspondent Hightower asked the Secretary the following, in substance:

"There are indications of growing Tudeh Party strength in Iran. What comments do you have to make on this situation?"

2. The Secretary of State replied (and this is nearly verbatim):

"The growing activities of the illegal Communist Party in Iran and the toleration of them by the Iranian Government has caused our Government concern. These developments make it more difficult to grant aid to Iran."

3. No other questions regarding Iran were raised and the Secretary made no further references to Iran. The background material prepared by this organization and delivered to Mr. Lincoln White via Mr. Jernegan's office, was not used. However, Mr. Jernegan has kept two copies of that paper in the event newsmen follow up the Secretary's statement on Iran with Assistant Secretary Byrde or Mr. Jernegan himself.

JOHN WALLER
NE

cc: DCI

NE- JW-bjm 7/28/53
Orig. to DD/P
1 cc - DCI
3 cc - NE ✓

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ROUTING AND RECORD SHEET

INSTRUCTIONS: Officer designations should be used in the "TO" column. Under each comment a line should be drawn across sheet and each comment numbered to correspond with the number in the "TO" column. Each officer should initial (check mark insufficient) before further routing. This Routing and Record Sheet should be returned to Registry.

Enclosure TO:

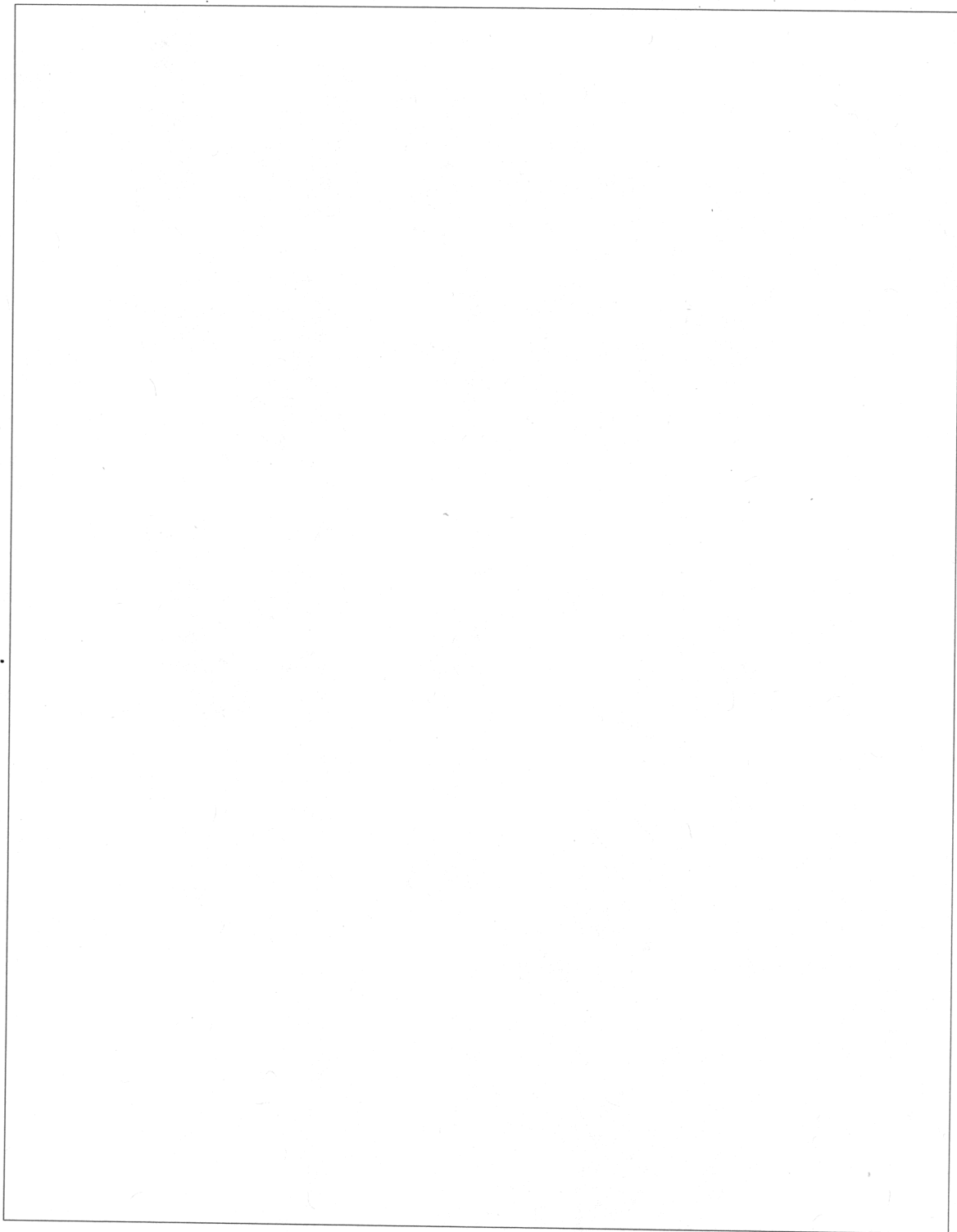
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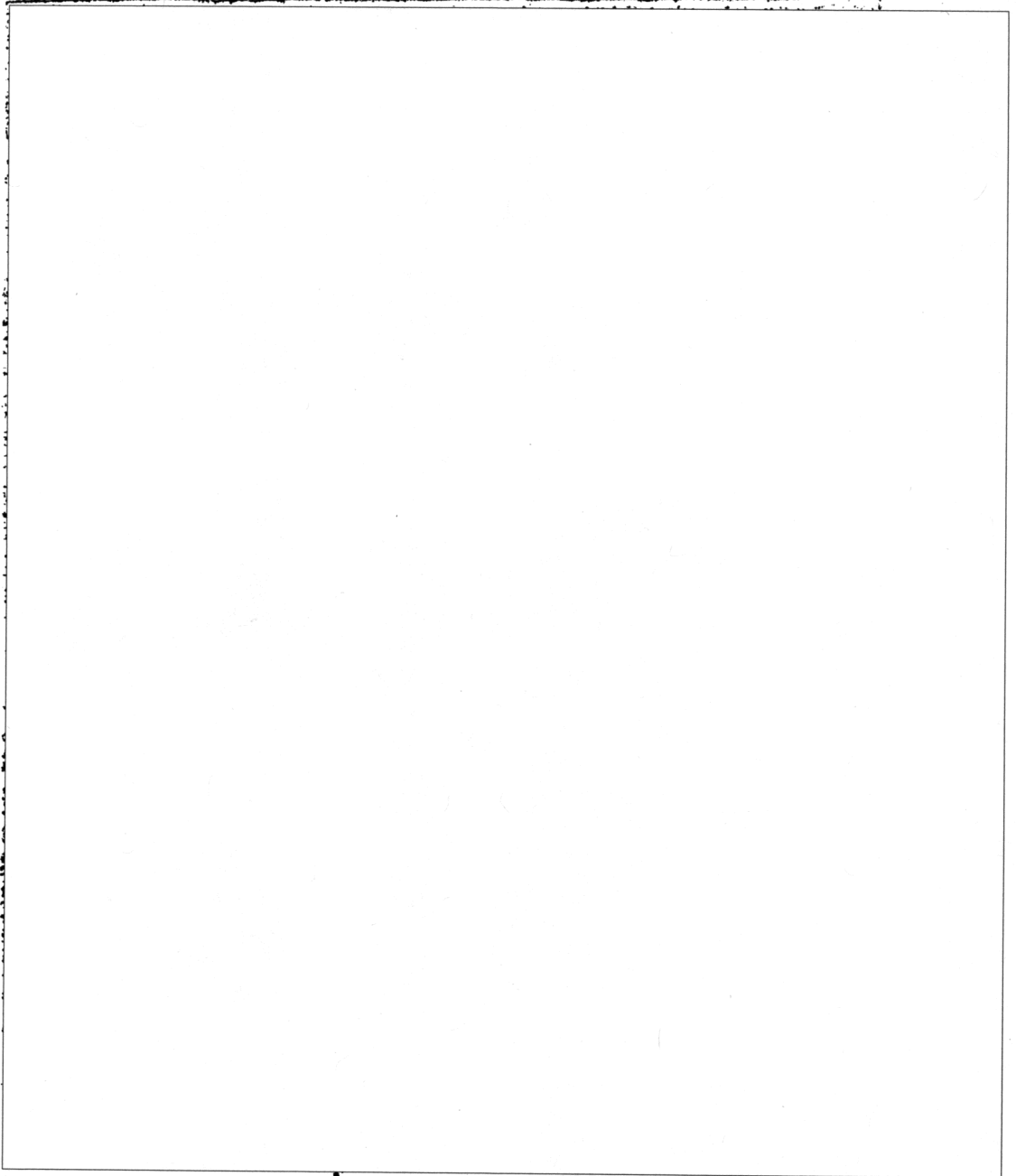
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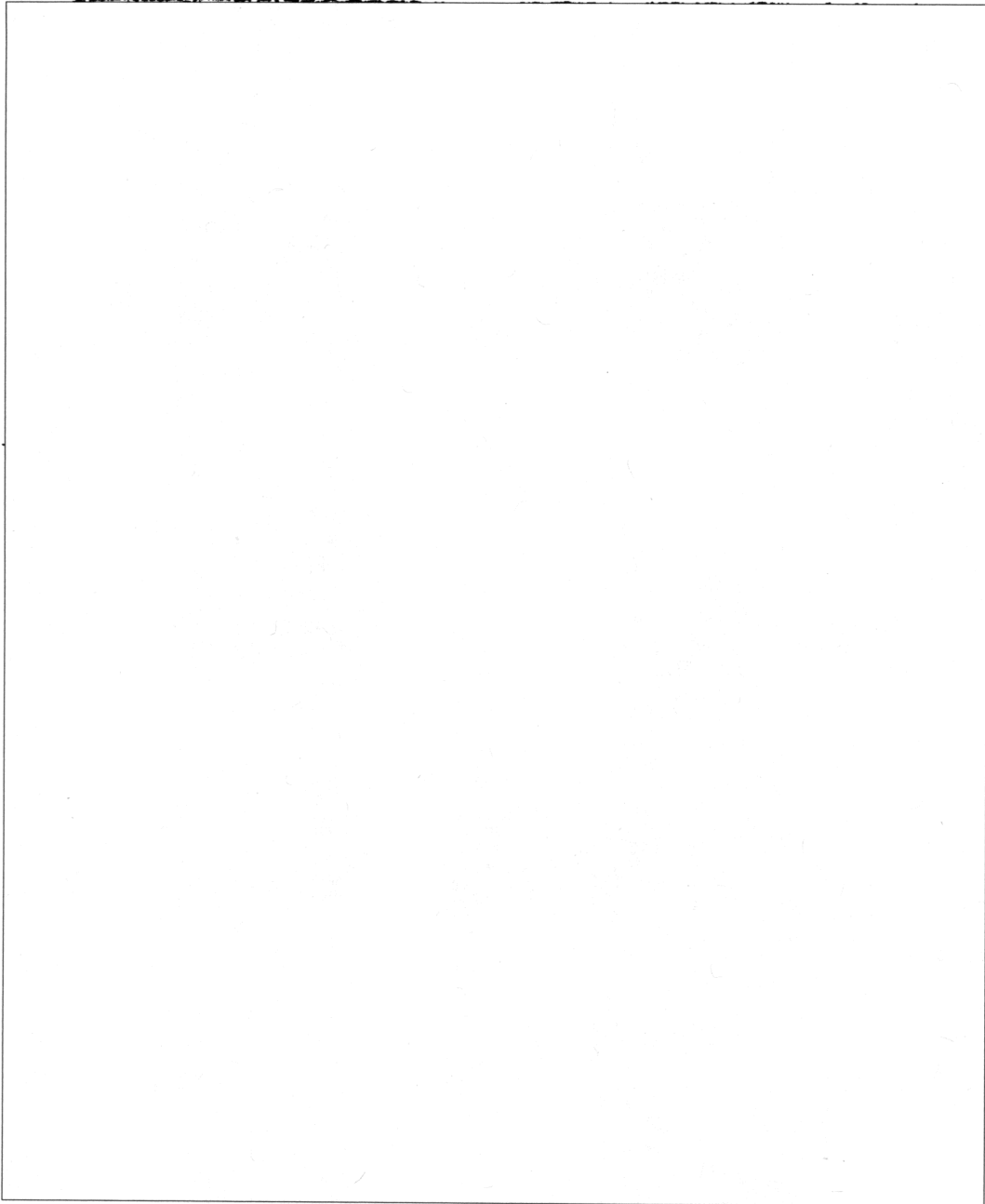
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Under dep. cover Encl 2 to OFPA
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La sœur du shah escroquée de 66 millions!



Elle avait chargé deux aigrefins
de négocier ses bijoux
ses fourrures et ses tapis

(Lire nos informations page 4)

La sœur du shah dévalisée...

« J'E, soussignée, Princesse Im-
périale... »

Ainsi débute une plainte déposée, le 13 novembre dernier, entre les mains du doyen des juges d'instruction à Paris.

Cette princesse, dont le nom, Achraf, signifie « la plus honorée », est la sœur jumelle du chah Pahlévi.

Ennemie, déclarée du Dr Mossadegh, alors au pouvoir, elle avait dû, à la prière même de son frère, quitter précipitamment l'Iran en juillet dernier.

La France, terre d'exil par excellence, l'accueillit. Descendue à l'hôtel d'Iéna, à Paris, la princesse tenta d'oublier et l'on put la voir, certains soirs, en de joyeux établissements de Montmartre.

C'est là qu'elle connut deux individus de noble allure, au langage châtié, auxquels elle accorda assez de confiance pour leur avouer les difficultés d'ordre matériel dans lesquelles elle se débattait momentanément.

L'un des deux hommes, un Guadeloupéen, Auguste-Marie Ricenard, alias Richard Graeve, pour qu'elle sortit rapidement de cette situation difficile, proposa à la princesse de négociier, en son nom, la vente de bijoux et de fourrures lui appartenant et dont la valeur pouvait atteindre trente millions.

Vingt-huit tapis persans, estimés dix-huit millions, s'ajoutaient bientôt à ce lot fastueux, puis encore dix-huit millions sous la forme de traites acceptées par la princesse pour la réalisation d'une affaire assurée, exceptionnelle, soit soixante-six millions au total !

Longtemps, la princesse Achraf attendit le versement des sommes promises. Vainement. Ricenard, à l'entendre, avait été victime d'un vol et était incapable de faire face à ses engagements.

La princesse, dès lors, décida de déposer une plainte. Une intervention de la police, jeudi dernier, dans un hôtel, 54, rue Pierre-Charon, devait la hâter. Le propriétaire de l'établissement avait signalé qu'un voyageur avait disparu, laissant, avec quelques bagages sans intérêt, une dette de 100.000 francs.

Une rapide enquête permit de découvrir l'indélicat personnage dans une hôtellerie voisine d'Etampes. C'était Ricenard.

Avec lui sera entendu par le juge d'instruction son ami et collaborateur Joseph Bergmann, demeurant 3, rue du Général-Roques, à Paris, qui, toujours selon les déclarations de la princesse, aurait trempé dans les abus de confiance dont elle a été victime.

C'est avec une indifférence voisine du cynisme que les deux hommes ont accueilli les accusations de la princesse, qui a remis le soin de soutenir sa plainte à Me Paul Bizos.

Pour sa part, Bergmann a déclaré en souriant :

— Nous avons tellement dépensé avec la princesse qu'elle peut bien, à son tour, nous faire quelques cadeaux...

Des réflexions de ce genre ne suffiront certainement pas pour répondre aux questions que posera aux deux hommes M. Vassagne, juge d'instruction chargé de l'affaire.

J. JUMEL.

L'ennemi - Ricenard 53

Les voleurs de la princesse d'Iran ont fait disparaître des bijoux, des tapis et le manteau offert par Staline *Princ. Turev* AU TOTAL: 80 MILLIONS *18 nov.*

La princesse Achraf Pahlévi, sœur du chah d'Iran, a été volée davantage qu'elle ne le pensait par les deux « hommes d'affaires » contre lesquels elle vient de porter plainte. Le préjudice est de l'ordre de 80 millions et non de 30 comme on l'avait cru au début.

C'est en décembre 1952 que la princesse, de passage à Paris, rencontra, dans une réunion mondaine, les deux hommes qu'elle accuse maintenant de l'avoir pillé.

La jeune femme était alors inquiète de la situation en Iran et désirait effectuer des placements fructueux. Ses nouveaux amis s'offrirent aussitôt à l'aider : l'un, notamment, se disant fils d'un homme politique de l'Union française et particulièrement au courant des affaires indochinoises, lui proposa d'investir d'importants capitaux dans des sociétés cambodgiennes exceptionnellement prospères.

La princesse n'avait pas de capitaux. Séduite par cette perspective, elle parla de ses bijoux, estimés 30 millions, que l'un des hommes d'affaires proposa immédiatement de réaliser.

— J'ai la possibilité de faire fructifier ce capital.

Reputations douteuses

Un mois après avoir reçu les bijoux, l'homme revint l'oreille basse :

— Le courtier à qui j'ai confié les joyaux a été dévalisé.

Une plainte avait été déposée par ses soins, mais nul, depuis, n'a revu les bijoux, malgré l'arrestation de receleurs supposés.

La princesse Achraf conservait d'ailleurs sa confiance à ses deux « hommes d'affaires » et, lorsqu'ils l'avertirent d'une affaire possible, en raison de la dévaluation de la

piastre, elle leur signa une procuration les autorisant à prendre livraison de tapis lui appartenant, d'une valeur de 30 millions, entreposés à l'ambassade d'Iran.

Les tapis disparurent aussi mystérieusement et les deux compères, revenant à la charge, obtinrent une nouvelle procuration pour disposer de plusieurs fourrures, parmi lesquelles une pièce unique : un manteau de zibeline, présent du maréchal Staline, valant onze millions.

La zibeline fut aussitôt remise en gage à un brocanteur de la rue des Martyrs, qui en donna 1.200.000 francs, mais cette somme échappa encore à la sœur du chah.

Le mari de la princesse, revenant à Paris, trouva ces opérations peu « catholiques » et convainquit son épouse de porter plainte. On s'aperçut alors que les deux « conseillers financiers » avaient une réputation douteuse (l'un aurait été mêlé à une affaire de faux tableaux et l'autre déjà poursuivi pour escroquerie).

L'un d'eux affirme cependant qu'il a avancé à la princesse — qui l'aurait perdue dans les salles de jeux — une importante partie de l'argent provenant de la vente des bijoux.

Ashraf Says Swindlers Took Sable Coat Stalin Gave Her

A \$3,400 sable coat, given Princess Ashraf, sister of the Shah of Iran, by Marshal Stalin, was among \$228,000 worth of items which she claims to have lost through a swindle, her attorneys disclosed yesterday in Paris.

They said that two men whom she met at a party last December offered to help her place investments abroad. One of them seemed thoroughly familiar with investment possibilities in Indo-China and proposed that she invest in a prosperous company in Cambodia.

She gave them jewelry to sell to raise money for the venture, but one month afterward she was informed that a jeweler to whom the gems were given had been robbed. Later, the two men made other suggestions about Indo-Chinese investments and the princess gave them a Persian rug worth \$86,000. She parted with the Stalin gift when they reported that they didn't have enough money.

Lawyers for the princess are seeking a warrant against the two men on charges of robbery and abuse of confidence. Their names have not been given.

Princess Ashraf, who now lists her home as Paris and who spends much of her time in France, has not returned to Iran since the overthrow of Mohammed Mossadegh, who forced her to leave her home country.

NYH Tribune

18 Nov. 53

L'ARRORE
3 DEC

LA SŒUR DU SHAH



La princesse ACHRAF sortant du cabinet du juge d'instruction

**qui a déposé une plainte
en vol et abus
de confiance**

**a été confrontée
avec deux courtiers**

La princesse Achraf-Pavlevi d'Iran, sœur jumelle du shah, a été entendue hier par M. Vassogne, juge d'instruction, en présence de M. Pierre Bizos, sur la plainte contre X qu'elle a déposée au sujet de détournement dont elle a été victime et qui portent sur des bijoux et des fourrures d'un montant de 80 millions environ, notamment sur un manteau de vison évalué à 11 millions, don de Staline.

La princesse a été confrontée avec deux courtiers, Auguste Richard, dit Richard Graeve, et Joseph Bergman, qui ont déclaré être en compte avec la princesse. Elle leur aurait donné des procurations pour gérer ses intérêts à Paris et mettre à sa disposition

les sommes qui lui étaient nécessaires en attendant que les circonstances lui permettent de retourner en Iran.

Après avoir réalisé ou mis en gage ses bijoux et ses fourrures, ils auraient remis à la princesse, sans reçu, des sommes importantes, notamment dans un cercle.

M. Vassogne leur a enjoint d'avoir à déposer entre ses mains avant le 12 décembre un état complet des opérations qu'ils ont réalisées ainsi, en y joignant toutes les justifications possibles.

**La princesse d'Iran
porte plainte
pour abus de confiance
et vol**

La princesse impériale d'Iran, Achraf Pahlévi, sœur jumelle du Chah, vient de déposer une plainte contre X... pour vol et abus de confiance.

Ennemie déclarée du Dr Mossadegh, alors au pouvoir, qui redoutait l'influence qu'elle pouvait avoir sur le souverain, la princesse Achraf — dont le nom signifie « la plus honorée » — avait dû, à la prière même de son frère, quitter précipitamment l'Iran en juillet dernier.

De passage en France, à cette époque, et à court de disponibilités, elle avait fait la connaissance de deux hommes d'affaires installés à Paris : l'un Guadeloupéen et l'autre Polonais, qui s'étaient offerts de négocier des bijoux et des fourrures lui appartenant et représentant une trentaine de millions. Mais les deux hommes déclarèrent ensuite que le produit de cette vente leur avait été dérobé et la princesse, qui réside actuellement à Paris, s'est décidée à saisir la justice de ce conflit.

FRANC-TIREUR

17 Nov '53

La sœur du shah victime d'un vol de trente millions

EN juillet dernier, la princesse Achraf, d'Iran, âgée de 30 ans, sœur du roi, ayant été expulsée d'Iran par Mossadegh, se trouvait sur la Côte d'Azur. Elle avait confié à deux hommes d'affaires ses bijoux et ses fourrures d'une valeur de trente millions environ, avec ordre de les vendre.

Les événements survenus dans son pays, l'arrestation de Mossadegh, changèrent ses projets et elle réclama ses bijoux et ses fourrures.

On nous les a volés ! lui déclarèrent les deux intermédiaires.

La princesse, actuellement à Paris, a porté plainte contre X. pour abus de confiance et vol. Elle est assistée de M^e René Bizos, avocat à la cour, et M^e Nouel, avoué.

M. Vassogne, juge d'instruction, a été chargé de l'affaire.

Les deux courtiers habitent ordinairement Paris et s'y trouvent actuellement. Ils ont été entendus et soutiennent qu'ils ont été victimes d'algrefins.

PARIS-PRESSE

17 Nov '53

ORDER OF BATTLE - IRANIAN ARMY

Minister of National Defense	-	MOSSADEQ
1st Deputy Min. of Nat. Def.	-	Maj. Gen. Mir Mohammed MOHANA
2nd Deputy Min. Nat. Def	-	Brig. Gen. Hsaddollah SANII
Chief, Secretariat, Min. of Nat. Def.	-	Brig. Gen. Hassan AMINI
Chief, Finance Inspection Department		Brig Gen. Hsaddollah SANII
Chief, Infantry Inspection Department		Brig. Gen. Farhad DADSETAN
Chief, Cavalry Inspection Dept.	-	Brig Gen. Gholam Hosein AFKHAMI
Chief, Artillery Inspect. Dept.		Brig. Gen. Issa HEDAYAT
Chief, Inspection Area # 1		Lt. Gen. Ali Asghar NAGHDI
" " " " 2		Maj. Gen. Gholam Reza SHAHINURI
" " " " 3		Maj. Gen. Seyyid Mahmud MIR-JALALI
" " " " 4		Maj. Gen. Nasrollah MOGHBELLI
" " " " 5		Maj. Gen. Nader BATMANGELITCH
Prime Ministers Military Council		Lt. Gen. Farajolloh AGHEVLI
		Lt. Gen. Ali Asghar NAGHDI
		Maj. Gen. Mahmud BAHARMAST
General and Special Staffs		
Chief of General Staff		Maj. Gen. Taghi RIAHI
1st Deputy CofS		Brig. Gen. Reza AZIMI
Air Force Commander		Brig. Gen. Mohammed MOINI
Navy Commander		Admiral Gholom Hosein BAYANDOR
2nd Deputy CofS		Brig. Gen. Ataollah KIANI
Commander Frontier Guards		Brig. Gen. Mohammed DAFTARI
General Staff		
Asst. CofS, G-1		Brig. Gen.

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Setting Operational Precedents**The Road to Covert Action in Iran, 1953****Scott A. Koch**

“
**US decisionmakers
 perceived Iranian
 events through the
 broad strategic lens of
 the Cold War.**
 ”

Scott Koch is chief of the CIA
 History Staff.

August 2003 marked the 50th anniversary of TPAJAX, the US government's covert action in Iran that culminated in the fall of Prime Minister Mohammed Mossadeq. Washington feared that the deteriorating Iranian political situation and Mossadeq's inability or unwillingness to deal with the increasingly confrontational Iranian Communist Party would lead to the collapse of the central government in Teheran. The Iranian communists, with Moscow's full backing, would then step in amid the chaos, seize power, and declare Iran a peoples' republic. Yet another country would fall behind the Iron Curtain.

Reverberations from the US government's role in deposing Mossadeq continue. At least one contemporary account links the CIA's action in Iran 50 years ago to current global anti-American terrorism, making it timely to revisit that era.¹ Over the years, most scholars have focused on the tactical aspects and outcome of operation TPAJAX itself, but US decisionmakers at the time perceived Iranian events through the broad strategic lens of the Cold War. This article examines

the policymaking dynamics in Washington that led to the pivotal covert action.

Antecedents

During the 1950s, Washington considered the Middle East in general, and Iran in particular, to be among the great strategic prizes in the geopolitical and ideological struggle against the Soviet Union. But it was not always so. For almost 175 years, American policymakers ignored Iran because they had no reason to do otherwise.

World War II and the immediate postwar years changed the US government's attitude toward Iran. During the war, the country had become an important route for American aid to the Soviet Army, engaged in a life-or-death struggle with Hitler's *Wehrmacht*.² Soviet troops remained in northern Iran immediately after the war, encouraging pro-communist separatist regimes in Iranian Azerbaijan and the Kurdish

² Eventually, almost a quarter of American aid for the Soviet Union went through Iran. Convoys using northern sea routes lost about 20 percent of their cargoes to the Nazis; however, only 8 percent of cargoes sent to the Persian Gulf for shipment through Iran failed to arrive. See Gerhard L. Weinberg, *A World At Arms: A Global History of World War II* (Cambridge, UK: Cambridge University Press, 1994), 284, 404.

¹ See Stephen Kinzer, *All the Shah's Men: An American Coup and the Roots of Middle East Terror* (Hoboken, NJ: John Wiley & Sons, Inc., 2003). The reader will find a review of Kinzer's book in *Studies in Intelligence* 48, no. 2 (2004)—available at <http://www.cia.gov/csi/studies.html>.

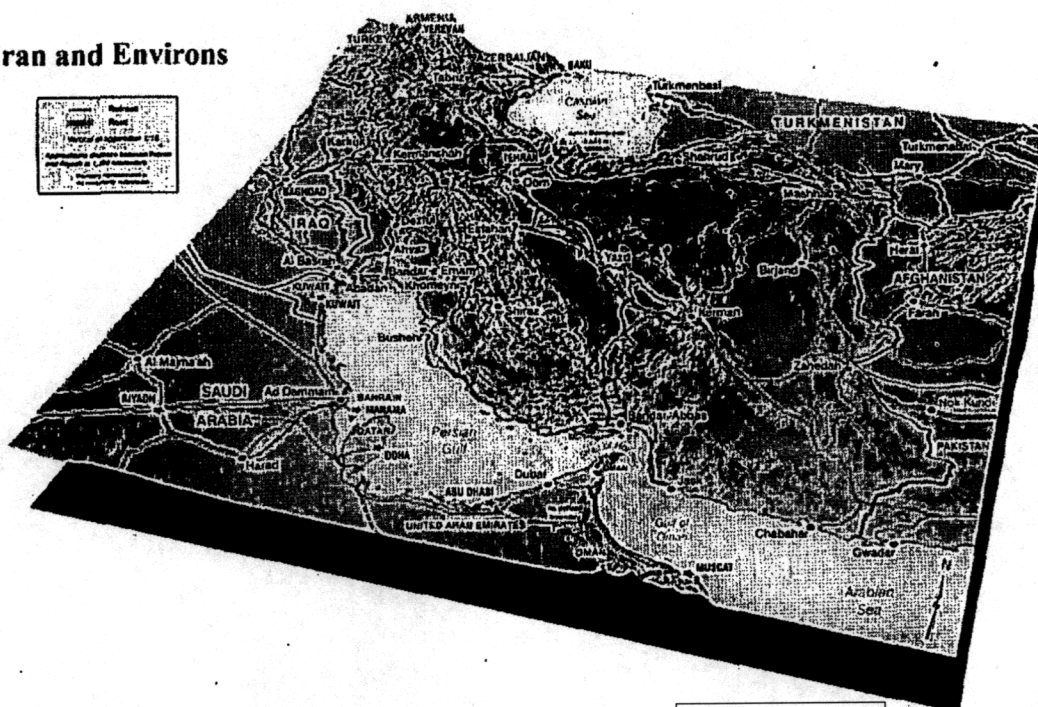
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Iran 1953

region. Washington anticipated that Moscow would demand the "unification" of Iranian Azerbaijan with Soviet Azerbaijan, and the crisis escalated from

World War II, but the postwar British retreat and retrenchment "East of Suez" created a vacuum that Washington felt obligated to fill. After London

and economic aid to Greece and Turkey in their struggles against communist-inspired insurgents, President Harry Truman publicly declared in March 1947 that

Iran and Environs



January through March 1946. In response to aggressive Soviet troop movements, Iran, with the strong support of the United States, took the matter to the United Nations. Faced with an almost certain diplomatic defeat, the Soviets removed their troops from Iran before the UN could consider the matter.³

The United States would have preferred to withdraw from the Persian Gulf after the end of

announced that Great Britain could no longer supply military

³ For discussions of the Azeri crisis in early 1946, see Daniel Yergin, *Shattered Peace: The Origins of the Cold War and the National Security State* (Boston, MA: Houghton Mifflin Company, 1977); Adam B. Ulam, *Expansion and Coexistence: Soviet Foreign Policy, 1917-73*, 2d ed. (New York: Holt, Rinehart and Winston, Inc., 1974); and John Lewis Gaddis, *The United States and the Origins of the Cold War 1941-1947* (New York: Columbia University Press, 1972).

the United States would support free peoples everywhere who were "resisting attempted subjugation by armed minorities or by outside pressures."⁴ For Iran, this "Truman Doctrine" meant that the United States was

⁴ *Public Papers of the Presidents of the United States, Harry S. Truman* (Washington, DC: Federal Register Division, National Archives and Records Service, General Services Administration, 1947), 179.

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Iran 1953

replacing Britain as the main geopolitical counterweight to the Soviet Union. []

For the first three years after President Truman's declaration, the United States paid relatively little attention to Iran, even though that oil-rich country was experiencing serious economic problems, widespread popular discontent with the government, and growing agitation by supporters of the Iranian Communist (Tudeh) Party. []

In April 1950, Director of Central Intelligence Rear Adm. Roscoe H. Hillenkoetter drew Secretary of State Dean Acheson's attention to "the urgent need for additional intelligence coverage of Iran." DCI Hillenkoetter emphasized that the CIA was unable to draft reliable national intelligence estimates on the country because it simply did not have enough information. He wrote:

*[We can] tell US policy makers that some sort of crisis does exist, but cannot confidently answer such specific pertinent questions as: (1) how serious the situation actually is; (2) how adequate are Iran's own resources for meeting its present difficulties; and (3) how capable the Iranian Government is of using these resources.*⁵ []

Hillenkoetter proposed two solutions: the CIA could try to diversify its sources, or, alternatively, "existing coverage might be expanded through the estab-

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The DCI drew the
Secretary of State's
attention to 'the urgent
need for additional
intelligence coverage
of Iran.'
”

lishment of a consulate in the strategically important southwestern part of Iran.”⁶ The extant records do not contain Acheson's reaction to Hillenkoetter's letter. []

Twisting the British Lion's Tail []

On 7 March 1951, an Islamic fundamentalist assassinated Iranian Prime Minister Gen. Ali Razmara.⁷ Shah Mohammed Reza Pahlavi's initial choice to succeed Razmara, Hussein Ala, resigned after only a few weeks. Then, on 29 April 1951, the Shah appointed Mohammed Mossadeq, a career politician and leader in the National Front, a loose coalition of political parties professing liberal democratic aims and opposing foreign intervention in Iranian affairs. Mossadeq's elevation set in motion a series of events that

⁵ Letter from Director of Central Intelligence Rear Adm. Roscoe Hillenkoetter to Secretary of State Dean Acheson, 11 April 1950, Records of the State Department, RG 59, Lot 57, D 529, NND959286, "Iran 1946-54," box 4, National Archives and Records Administration. []

⁶ *Ibid* []

⁷ Razmara's assassin was a member of the Fadayane Islam underground organization []

were to bring American and British officials face to face with one of the most mercurial, maddening, adroit, and provocative leaders with whom they had ever dealt. []

Severe economic and political problems awaited Mossadeq, and it was not obvious that he had the skill to solve them. In a Special Estimate prepared one month after the new prime minister took office, the CIA's Office of National Estimates (ONE) characterized him as an "impractical visionary and a poor administrator," but, at the same time, recognized that he was in a strong political position that was unlikely to deteriorate in the foreseeable future.⁸ []

Mossadeq immediately turned his attention to the unfolding struggle for control of the Anglo-Iranian Oil Company (AIOC). The Shah had renewed the British oil concession in Iran in 1949; however, by 1950, the arrangement had become a sore point in relations between the two countries. In March 1951, when Mossadeq was a member of the Majlis (the Iranian Parliament), he had submitted a bill, which was quickly passed, nationalizing the AIOC. Just three days after becoming prime minister, he signed the bill into law; nationalization went into effect on 2 May, retroactive to 20 March 1951. []

⁸ Office of National Estimates, "Current Developments in Iran," SE-6, 22 May 1951, Directorate of Intelligence, CIA Archives and Records Center [hereinafter ARC]. []

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Iran 1953

The AIOC's nationalization brought Mossadeq and Iran into immediate conflict with Britain. The British government owned half of the AIOC's stock and did not intend to permit nationalization of its assets without the compensation that international law required.⁹ []

"The Antics of Incomprehensible Orientals"

[]

Britain and Iran tried to resolve the dispute over nationalization, but differing negotiating styles and personalities made agreement elusive. Many Britons found inexplicable Mossadeq's seemingly impossible demands and unpredictably shifting arguments. L. P. Elwell-Sutton captured the mood of British policymakers at the time when he wrote, "Really, it seemed hardly fair that dignified and correct western statesmanship should be defeated by the antics of incomprehensible orientals."¹⁰ []

For his part, Mossadeq found the British comprehensible, but evil. He and millions of Iranians believed that for centuries Brit-

⁹ In March 1951, the CIA estimated that 6-8 percent of Iran's national income came from the AIOC and that the company contributed nearly 25 percent of Iran's treasury's receipts. Office of National Estimates, "Iran's Position in the East-West Conflict," NIE-6 [draft], 21 March 1951, Directorate of Operations, Job 79-01228A, Box 11, Folder 14, ARC. []

¹⁰ L. P. Elwell-Sutton, *Persian Oil: A Study in Power Politics* (London: Lawrence and Wishart Ltd., 1955), 258. []

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Mossadeq found
the British
comprehensible,
but evil.
”

ain had manipulated their country for British ends. Many Iranians seemed convinced that British intrigue was at the root of every domestic misfortune. In 1951, Mossadeq told US Special Envoy W. Averell Harriman, "You do not know how crafty they [the British] are. You do not know how evil they are. You do not know how they sully everything they touch." Harriman protested that surely the British were like people everywhere, some bad, some good. But the American envoy did not persuade Mossadeq. "You do not know them," he insisted. "You do not know them."¹¹ []

When it seemed clear that Tehran had no intention of providing compensation for AIOC assets at any level London might accept, the British mounted a multi-pronged effort to reassert control over the company. They hoped legal and economic pressure would convince Mossadeq to settle on British terms. If not, they were prepared to force him from office and replace him with someone open to compromise on terms favorable to the AIOC. []

¹¹ James A. Bill, *The Eagle and the Lion: The Tragedy of American-Iranian Relations* (New Haven, CT: Yale University Press, 1988), 64-65, quoting Vernon A. Walters, *Silent Missions* (Garden City, NY: Doubleday, 1978), 247-48. []

London first asked the International Court of Justice to arbitrate the dispute, but Iran rejected the tribunal's jurisdiction on the ground that the nationalization of the AIOC was a purely domestic matter. London then offered Mossadeq two separate proposals to resolve the compensation dispute, but the prime minister did not consider them because neither addressed the issue of Iran's sovereignty over its own oil. The British thereafter refused to deal directly with Mossadeq. []

Turning to economic weapons, in September 1951, Britain placed an embargo on shipments of steel, sugar, iron, and oil-processing equipment to Iran—affecting almost everything that the Iranians could exchange for dollars. The AIOC laid off 20,000 oil workers at the port of Abadan, leaving Mossadeq little choice but to put them on the government payroll. Gradually, the flow of Iranian oil to the rest of the world stopped. []

London also staged ostentatious military maneuvers in the Persian Gulf to try to weaken the Iranian leader's negotiating position. A British airborne brigade arrived in Cyprus, and a Royal Navy cruiser and four destroyers exercised near the oil facilities at Abadan. Not intimidated by the display of British force, Mossadeq announced that the first shot would start World War III. []

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Iran 1953

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Mossadeq saw the United States as an anti-colonial power and looked to Washington for support against the British.

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Mossadeq Looks To America

Like many in the Third World immediately after World War II, Mossadeq saw the United States as an anti-colonial power and looked to Washington for support against the British. His hopes were not entirely misplaced; the Truman administration thought that his position had some merit.

Secretary of State Acheson viewed the British as overly preoccupied with their oil interests and concluded that London did not fully understand the broad communist threat. He saw Mossadeq as a potentially important part of a solution to the problem of Soviet influence in the Middle East. In Acheson's opinion, the nationalistic Iranian prime minister, in time, would become an effective bulwark against Soviet penetration into Iran. To that end, Washington consistently urged London to reach an equitable settlement with Tehran. Acheson apparently was convinced that an agreement would strengthen the Iranian government and, thus, promote regional stability.¹²

Other considerations complicated the Truman administration's approach. The United States was loath to side publicly with Iran or put excessive pressure on London. Washington needed cooperation and support from Britain—America's closest ally—elsewhere in the world. The war in Korea was not yet over, and the presence of British com-

bat troops was an important symbol of Anglo-American solidarity. The North Atlantic Treaty Organization (NATO), created in 1949, was still in its formative stages and depended upon British participation as evidence of Western unity and determination.

President Truman had no patience with those refusing to view the Anglo-Iranian problem in a global context. When US Ambassador to Iran Henry Grady wrote to Truman complaining that the White House was not listening to his advice, the president let him know exactly where he stood:

Let me tell you something about the Iranian situation from this end . . . [We] held

¹² Acheson criticized “the unusual and persistent stupidity of the [Anglo-Iranian Oil] company and the British Government” when it came to Iran. See, Dean Acheson, *Present at the Creation: My Years in the State Department* (New York: W. W. Norton & Company, Inc., 1969), 501, as quoted in Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 1991), 453. Also, see Richard W. Cottam, *Iran & the United States: A Cold War Case Study* (Pittsburgh, PA: University of Pittsburgh Press, 1988), 102.

Cabinet meetings on it—we held Security Council meetings on it, and Dean, Bob Lovett, Charlie Sawyer, Hariman and all the senior staff of the Central Intelligence discussed that awful situation with me time and again . . . We tried . . . to get the block headed British to have their oil company make a fair deal with Iran. No, they could not do that. They know all about how to handle it—we didn't according to them.

We had Israel, Egypt, Near East defense, Sudan, South Africa, Tunisia, the NATO treaties all on the fire. Britain and the Commonwealth Nations were and are absolutely essential if these things are successful. Then, on top of it all we have Korea and Indo-China. Iran was only one incident. Of course the man on the ground in each one of these places can only see his own problem.¹³

The CIA's Position

The suggestion that British forces might occupy the port city of Abadan or launch some other military action against Iran set off alarms in the CIA's Office of National Estimates. In an April 1951 memorandum to DCI Lt. Gen. Walter Bedell Smith, Dr. William Langer, the deputy chief

¹³ Farhad Diba, *Mohammad Mossadegh: A Political Biography* (London: Croom Helm, 1986), 131–32, citing papers of Henry Grady (emphasis added).

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Iran 1953

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**The CIA feared the
 [communists] would be
 able to seize control
 under the chaotic
 conditions of a British
 occupation.**
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of ONE, warned that the appearance of British troops in Iran might result in Soviet occupation of the northern part of the country under the terms of the 1921 treaty of friendship between Persia and Soviet Russia.¹⁴ [redacted]

In June 1951, Langer sent another memorandum to Smith [redacted]

orandum, the administration let London know that the US government disapproved of any military action against Iran. At a British cabinet meeting in September 1951, the government of Prime Minister Clement Attlee decided that it “could not afford to break with the United States on an issue of this kind.”¹⁸ A potential military crisis had passed. [redacted]

Counting on Mossadeq [redacted]

The question of Iran's domestic stability remained, however. Could Mossadeq resist the Tudeh if it came to a confrontation? Neither Langer nor any of the Iran specialists in the CIA's clandestine service—the Office of Special Operations (OSO) and the Office of Policy Coordination (OPC)—thought that the Iranian communists had sufficient strength to topple Mossadeq without help. As long as the central government remained able to deal with events, Langer and others considered the danger of a Tudeh coup to be negligible.

¹⁴ William L. Langer, Assistant Director, Office of National Estimates, Memorandum for Director of Central Intelligence Walter Bedell Smith, “Situation in Iran,” 20 April 1951, Directorate of Operations Records, Job 79-01228A, Box 11, Folder 14, ARC. [redacted]

The documents in the CIA's files do not indicate whether Smith relayed Langer's concerns to President Truman. There is no historical evidence to suggest that he did so, or even that the president knew about the memorandum; whether the memorandum influenced the president remains speculation. Nonetheless, after Langer's mem-

¹⁶ *Ibid.* [redacted]
¹⁷ *Ibid.* [redacted]

[redacted] The Tudeh Party would come to power, the

¹⁸ H. W. Brands, *Inside the Cold War: Loy Henderson and the Rise of the American Empire, 1918-1961* (New York: Oxford University Press, 1991), 234 [redacted]

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Iran 1953

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**The US was
 committed to
 supporting Mossadeq
 as the only alternative
 to political chaos.**
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CIA judged, only through chaos
 and impotent central authority.

As of 30 July 1952, the US gov-
 ernment was committed to
 supporting Mossadeq because he
 represented the only alternative
 to political chaos.²⁰ That
 evening, CIA representatives met
 at the State Department with
 Secretary of State Acheson,
 Under Secretary of State David
 K. E. Bruce, and senior depart-
 ment officers.²¹

The CIA's Office of National Esti-
 mates continued to think that
 Mossadeq would remain in power
 for the near future and that a
 Tudeh coup was unlikely—the
 same conclusion that OSO and
 OPC had reached the previous
 January. A November 1952 esti-
 mate informed readers that if the
 unrest plaguing Iran in 1952 con-
 tinued through 1953, “rising
 internal tensions and continued
 deterioration of the economy and
 of the budgetary position of the
 government might lead to a
 breakdown of government
 authority and open the way for at
 least a gradual assumption of
 control by Tudeh.” Soviet inter-
 vention was unlikely “unless
 there is a far more serious deteri-
 oration of Iranian internal
 stability than is foreseen in this
 estimate. However, the USSR has
 the capability for greatly increas-
 ing its overt and covert
 interference in Iran at any time,
 to the detriment of US security
 interests.”²⁵

²⁰ It is difficult to underestimate the im-
 portance that American policymakers
 placed on improving domestic stability in
 the region. In July 1952, the Psychological
 Strategy Board characterized this part of
 the world as “a military vacuum, an eco-
 nomic slum, a political anachronism, and a
 house divided against itself.”

²¹ Henry A. Byroade, Assistant Secretary
 of State for Near Eastern, South Asian,
 and African Affairs; John D. Jernegan,
 Deputy Assistant Secretary of State for
 Near Eastern, South Asian, and African
 Affairs; Charles E. Bohlen, Counselor of
 the Department of State and member of
 the Senior Staff, National Security Coun-
 cil; Robert P. Joyce, Policy Planning Staff,
 Department of State.

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Iran 1955

During the last two months of 1952, both ONE and the Iran Branch of the DDP watched events in the Gulf, hoping that things would not change radically and that Mossadeq would be able to hold things together. Events soon dashed their hopes.

Shift in the Wind

Newly-elected President Dwight Eisenhower did not immediately turn his attention to Iran after taking the oath of office in January 1953. He meant to end the Korean War, having pledged to do so during the presidential campaign. To complicate the foreign policy problems facing the new administration, Soviet dictator Joseph Stalin died in March 1953, and the White House had to deal with the implications of his death for Soviet-American relations.²⁶

Allen Dulles became Director of Central Intelligence in late February 1953 and on 1 March drafted a memorandum for the president apprising him of developments in Iran. Mossadeq remained the single strongest Iranian political leader, Dulles wrote, but the political situation in Teheran was "slowly disintegrating." Given the Shah's predilection to hesitate, forceful action on his part to stabilize and

²⁶ Office of National Estimates, "Probable Developments in Iran Through 1953," NIE-75, 13 November 1952, Directorate of Intelligence, ARC

²⁸ Brands, 272

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The British hoped
Washington would
finally see Mossadeq as
the demagogue they
thought he was.
”

strengthen the government was unlikely. If, however, a showdown developed between the Shah and Mossadeq, "and a real armed conflict ensued between the two opposing elements, the communist Tudeh elements might come up as the victors with their relatively small but well organized group of supporters, and with the assistance of the Soviet Embassy in Tehran, disposing of plenty of funds." Dulles told the president that the CIA was working with Qashqai tribal leaders in the southern part of the country to organize a resistance movement that could become active if the communists took control of the northern half.²⁷

The Eisenhower administration had decidedly different views than its predecessor on the desir-

²⁷ Dulles reported that "A considerable supply of small arms and ammunition [for support of Qashqai tribal leaders] has been assembled

Director of Central Intelligence Allen W. Dulles to President Dwight D. Eisenhower, Memorandum, "The Iranian Situation," 1 March 1953, Records of DCI Allen Dulles, Job 80-R01731R, Box 11, Folder 350, ARC.

ability of an Anglo-Iranian oil agreement. President Truman and Secretary of State Acheson had encouraged both countries to agree on equitable compensation for the oil company's nationalized assets. Negotiations had collapsed, however, when Mossadeq severed diplomatic relations with Britain in October 1952. By the time Eisenhower took office, neither the British nor Mossadeq appeared willing to back off from their publicly stated, and passionately held, positions. To London's relief, the new US administration abandoned the search for a negotiated end to the crisis. Perhaps now, the British hoped, Washington would finally begin to see Mossadeq as the demagogue London thought he was and take appropriate action.

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Iran 1953

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The consensus that Mossadeq had to go did not result in agreement on his replacement.

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That same month, State Department officials and British Foreign Minister Anthony Eden met to discuss the Iranian situation. Eden found American officials more receptive to the British viewpoint than they had been under Truman and Acheson. Washington now considered Mossadeq a source of *instability* and feared that his continued tenure invited a Tudeh coup. ☐

The State Department agreed with Eden that Mossadeq had to be replaced, but its reasons differed from his. For Eden and his government, Mossadeq's policies damaged "British prestige, influence, and vital commercial interest." For the Americans, Mossadeq represented a weakened Iran and its increasing vulnerability to Soviet domination.²⁹ ☐

²⁹ Cottam, 103. ☐

³⁰ ☐

Next Steps ☐

The emerging consensus that Mossadeq had to go did not result in agreement on his replacement. US officials briefly considered backing religious leader and former Mossadeq loyalist Ayatollah Abul Quassem Kashani. Kashani was attractive because he had a large following and had become a strident—and vocal—opponent of the prime minister. ☐

CIA headquarters viewed the prospect of a Kashani government with alarm and thought a Kashani-led Iran would be worse for Western interests than Iran under Mossadeq. The ayatollah was likely to be even more difficult on the oil issue and more resistant to Western influence, such as it was, than Mossadeq. While Kashani had a large following in Tehran, his support was not deep and he did not command the respect of the military. Consequently, the CIA thought Kashani was susceptible to overthrow by the military or even Mossadeq's followers. Moreover, a Kashani government would probably result in a "progressive general deterioration of Iran possibly leading to the eventual assumption of power by the Tudeh."³¹ ☐

US officials gradually settled on Gen. Fazlollah Zahedi. Zahedi had served as an irregular soldier under the Shah's father, Reza Shah, in 1915, and subsequently had risen through the ranks of the Iranian Army. Zahedi's anti-British views had led him to work for the Germans during World War II, although he was not pro-Nazi. The British arrested him in 1942 for his activities under Nazi agent Franz Mayer and deported him to Palestine; he was released on VE Day in 1945. Zahedi retired from the Iranian army in 1949 and subsequently served in a series of mostly honorary posts. The State Department recognized that he was not ideal but considered him acceptable because he was friendly to the United States and Great Britain. More importantly, he was willing to take the job. ☐

By that time, whoever succeeded Mossadeq was guaranteed American support. In a March 1953 internal memorandum, the State Department's Office of Greek, Turkish, and Iranian Affairs outlined the steps that the United States was likely to take if Mossadeq were to fall. Although American officials would limit their public pronouncements to expressions of unwillingness to interfere in the internal affairs of another country, privately they would use non-US channels to assure the Shah and the new

³¹ Office of National Estimates, "Prospects for Survival of Mossadeq Regime in Iran," SE-33, 14 October 1952, 3; Records of the Office of National Estimates, Directorate of Intelligence, ARC. ☐

~~SECRET~~

SECRET
Iran 1953



CIA officer Kermit Roosevelt in Tehran in 1953

prime minister that Washington was eager to help. Sensitivity to Iranian concerns that the country was becoming a foreign base precluded ostentatious and immediate American military assistance, but privately the Americans could assure Tehran that meaningful military aid (trucks, communication equipment, and other military-civilian dual-use items) would be forthcoming.³²

³² "Measures Which the United States Government Might Take in Support of a Successor Government to Mosadeq," March 1953, Department of State, Office of Greek, Turkish, and Iranian Issues, RG 59, Lot 57, D 529, Box 40, National Archives and Records Administration

The photo of Kermit Roosevelt is from his book, *Countercoup: The Struggle for the Control of Iran* (New York: McGraw-Hill, 1979). It may be copyrighted and should not be reproduced.

Eisenhower Turns to the CIA

President Eisenhower had several options to promote a regime change in Iran. He could use military force, but that was impractical because it would lead to war. He could hold out hope for a diplomatic solution, but that option, too, was unattractive. Diplomacy had already failed and the political situation in Iran was worsening daily. Finally, he could turn to the CIA to mount a covert political operation—in June 1948, the National Security Council had decided that covert action was a legitimate instrument of US policy.³³ This alternative held the promise of attaining the result that the administration wanted with a minimum of cost and world attention. If such an operation failed, the White House could disavow any knowledge or connection.

Available documents do not indicate who authorized the CIA to begin planning the operation, but it had to be the president himself. Eisenhower biographer Stephen Ambrose has written that the absence of documentation reflects the president's style:

Before going into the operation, Ajax had to have the approval of the President. Eisenhower participated in none of the meetings that set up Ajax; he received only oral

³³ See National Security Council Directive on Office of Special Projects, NSC 10/2, 18 June 1948.

reports on the plan; and he did not discuss it with his Cabinet or the NSC. Establishing a pattern he would hold to throughout his Presidency, he kept his distance and left no documents behind that could implicate the President in any projected coup. But in the privacy of the Oval Office, over cocktails, he was kept informed by Foster Dulles, and he maintained a tight control over the activities of the CIA.³⁴

Official approval to execute the operation came from the US in July 1953. The CIA had already funded TPAJAX, when, on 6 April 1953, DCI Allen Dulles and DDP Frank Wisner signed an authorization reserving up to for the operation.

Events Play Out

The CIA was not quite six years old when the Eisenhower admin-

³⁴ Stephen E. Ambrose, *Eisenhower*, vol. 2, *The President* (New York: Simon and Schuster, 1984), 111. Ambrose repeats this paragraph verbatim in *Eisenhower: Soldier and President* (New York: Simon and Schuster, 1990), 333.

³⁵ Chief, Division of Near East and Africa, to Director of Central Intelligence, Memorandum, "Support for Special Operation," Directorate of Operations Records, Job 79-01228A, Box 29, Folder 1, ARC.

~~SECRET~~

Iran 1953

“

istration authorized and executed TPAJAX. The “can do” attitude prevalent in the Agency’s clandestine service during the initial years of the Cold War was about to face and meet its biggest challenge [redacted]

”

As originally conceived, TPAJAX called for a royalist-led military coup against Mossadeq. The conception of the operation changed when the Shah issued *firmands* (royal decrees) replacing Mossadeq with Zahedi, thus providing Mossadeq’s removal with constitutional legitimacy. Mossadeq learned of the *firmands* and made plans for mass arrests on 16 August; royalist troops arrived at his house on the evening of 15 August to arrest him. The prime minister knew they were coming and had troops loyal to him arrest them. Officers and troops not in Mossadeq’s custody fled. On the morning of 16 August 1953, Radio Teheran broadcast news that the government had thwarted a military coup.³⁶ [redacted]

[redacted] The demonstration quickly grew in numbers and enthusiasm as the crowds surged through the streets of the Iranian capital, shouting their support for the Shah and demanding that passersby demonstrate their loyalty by displaying the monarch’s portrait—even if only on Iranian paper currency held up to a windshield. The soldiers that Mossadeq deployed to keep order lined the streets but did not interfere. Military passivity gave way to fraternization, which in turn became overt support. The prime minister fled for his life as the crowd headed for his residence. Monarchist forces seized the government radio station and Mossadeq’s authority collapsed. The Shah, who had left Tehran on 12 August and eventually landed in Rome on 18 August, returned to Iran several days later convinced that the people had risen to his defense.³⁷ [redacted]

Postscript [redacted]

It is no exaggeration to say that TPAJAX owed its success to Kermit Roosevelt. [redacted]

[redacted] Roosevelt returned to a hero’s welcome at the highest levels of government. [redacted]

Although the CIA did not conduct a post-mortem analysis of TPAJAX, in September 1953 Roosevelt talked about his role before a group that included President Eisenhower, Secretary of State John Foster Dulles, the Cabinet, the Joint Chiefs of Staff, and others. John Waller, chief of the Iran Branch in the CIA’s Near East and Africa Division, was among the CIA invitees and vividly recalled Roosevelt’s presentation. Roosevelt kept his audience enthralled for two hours and emphasized that the operation had succeeded because it enjoyed the support of the Iranian army and the people. It also succeeded, he emphasized, because he did not have Washington second-guessing his every

³⁷ The Shah’s reason for leaving Iran is open to interpretation. Roosevelt thought that the monarch’s nerves had failed him. The Shah’s recollection is dramatically different:

However, following a pre-arranged plan, the Queen and I had left Tehran before learning of the revolution’s success. It had been decided weeks before that if Mossadeq should use force to resist his deposition, we would temporarily leave the country. I had decided upon this move because I believed that it would force Mossadeq and his henchmen to show their real allegiances, and that thereby it would help crystallize Persian public opinion.

Mohammed Reza Pahlavi, *Mission for My Country* (London: Hutchinson & Co., 1961), 104 [redacted]

~~SECRET~~

~~SECRET~~
Iran 1955

move. Cables from Tehran were scarce during the critical days of 16-19 August—for good reason. "Gentlemen," Roosevelt joked, to general applause, "I made a point of not letting you know what was happening." No one seemed more amused than Allen Dulles.³⁸

Ending on a cautionary note, Roosevelt warned those present not to draw the wrong lessons from TPAJAX. "Now we'll think we can walk on water, everywhere," he said, "and we've got to be careful and restrain ourselves."³⁹

Secretary of State Dulles had other thoughts, however; he was already contemplating a similar operation in a country half a world away from Iran and much closer to home.⁴⁰

Neither the CIA nor the US government heeded Roosevelt's warnings about the seductiveness and danger of covert action.

³⁸ Author's interview with John H. Waller, 7 July 1995.

³⁹ *Ibid.*

⁴⁰ Roosevelt, 210.

“ Policymakers would do well to be mindful of TPAJAX as they continue efforts to marshal Arab public opinion against terrorism. ”

The relative rapidity and ease with which TPAJAX had accomplished their objectives, however, deceived policymakers. They drew the erroneous lesson that, through CIA action, the US government could alter the Third World political landscape at will and with minimal expense. It would take the failed Bay of Pigs invasion of Cuba in 1961 to vindicate Roosevelt, but by then the man who had brought down Mohammed Mossadeq had resigned from the CIA.⁴¹

It would be a mistake to draw a straight line from TPAJAX to the rise of the current anti-American, Islamic-based terrorism for, as the late British historian Herbert Butterfield observed, "The study of the past with one eye, so to speak, upon the present is the

⁴¹ *Ibid.*

source of all sins and sophistries in history It is the essence of what we mean by the word 'unhistorical,'"⁴² Nonetheless, Middle Eastern perceptions of the operation and the American role exert a powerful influence on present attitudes toward the West. Policymakers would do well to be mindful of the dynamics surrounding TPAJAX as they continue their efforts to marshal Arab public opinion against terrorism.⁴³

⁴² Herbert Butterfield, *The Whig Interpretation of History*, (1931), 11, 31-32, quoted in Edward Hallett Carr, *What is History? The George Macaulay Trevelyan Lectures delivered in the University of Cambridge January-March 1961* (London: Macmillan & Co. Ltd., 1961), 35-36.

⁴³ One of the participants in TPAJAX assured the author that many Iranians only suspected the American role in the operation, a subject of bazaar rumors for years. The *Cambridge History of Iran's* assessment is probably more accurate: "Nevertheless, Iranians have never had the slightest doubt that the C.I.A., acting on behalf of the American and British governments, organized the conspirators and paid the pro-Shah mobs led by toughs from southern Tehran, which, together with army units, were in control of the streets by nightfall on 19 August. By 1982, this tenacious rumour had been fully confirmed and is now seen as incontrovertible" (footnote omitted). Peter Avery, Gavin Hambly, and Charles Melville, eds., *The Cambridge History of Iran, vol. 7, From Nadir Shah to the Islamic Republic* (New York: Cambridge University Press, 1991), 263.

D R A F T

MEMORANDUM FOR: The President of the United States

1. Forwarded herewith is a citation awarding the National Security Medal to Mr. Kermit Roosevelt of this Agency. The recommendation for this decoration has been reviewed by the Honor Awards Board of this Agency and in accordance with authority delegated to the Director of Central Intelligence has received my approval.

2. Because of the extraordinary contribution made by Mr. Roosevelt, it is hoped that an early White House presentation may be arranged.

ALLEN W. DULLES
Director

Content UNCLASSIFIED

per 058375

date 8 JUL 1977

(2)

1954 MAY 6-5

Telg
HSM

12 April 1955

MEMORANDUM FOR THE RECORD

SUBJECT: Presentation of the National Security Medal to
Mr. Kermit Roosevelt.

1. At 9:50 A. M. on 24 March 1955 the President of the United States presented the National Security Medal to Mr. Kermit Roosevelt. The ceremony took place in the President's Office in the White House, and President Eisenhower, when making the presentation read the citation which accompanied the decoration.

2. In addition to the President and Mr. Roosevelt, those present were:

John Foster Dulles (Secretary of State)
Herbert Hoover, Jr. (Under Secretary of State)
Loy Henderson (former Ambassador to Iran)
Allen W. Dulles (Director of Central Intelligence)
Robert Cutler (former Special Assistant to the
President for National Security Affairs)
James S. Lay, Jr. (Executive Secretary, National
Security Council)
Mrs. Kermit Roosevelt (the recipient's wife)
Mrs. Kermit Roosevelt (the recipient's mother)
Kermit and Jonathan Roosevelt (the recipient's sons)
An unidentified White House aide

Recorder
CIA Honor Awards Board

(12 Apr 55)

Distribution:
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SANITIZED COPY

Content UNCLASSIFIED

per 058375

date 8 JUL 1977

(4)

I would like to record personal as well as official gratification at the progress achieved by your Agency in a program of the highest national importance. In particular, I wish to commend the part played by Kenneth Roosevelt who, in the face of trying and dangerous circumstances, showed great courage, resourcefulness and determination. Under his leadership CIA units acted with valiance and professional competence of high order in the accomplishment of missions in which failure would have had most serious consequences and success has opened up exceedingly valuable and rewarding avenues. In my opinion Roosevelt has served his country in truly outstanding fashion and I hope that this service can be duly recognized.

Bert

Please get going on the citation.

Content UNCLASSIFIED

per

058375

date

8 JUL 1977

1954 MAY 6-6

(3)

REPORT OF HONOR AWARDS BOARD
CENTRAL INTELLIGENCE AGENCY

DATE

23 September 1953

CONVENED PURSUANT TO CIA Regulation 20-635

The Board, having considered a recommendation that:

Roosevelt

Kermit

FAMILY NAME

GIVEN NAME

INITIAL

SERIAL NUMBER

~~XXXXXXXXXX~~

ORGANIZATION

~~XXXXXXXXXX~~be awarded the National Security Medal~~XXXXXXXXXX~~for meritorious service or achievement during the period 1 May - 31 August 1953approves that recommendation (~~but does not necessarily agree with the recommendation~~)

CITATION

The President of the United States of America, in accord with the provisions of Executive Order 10431, has awarded the National Security Medal to Mr. Kermit Roosevelt for distinguished achievement in the field of intelligence and outstanding contribution to a program of great national importance.

In the face of trying and dangerous circumstances, Mr. Roosevelt demonstrated the highest order of courage, resourcefulness, and determination. When charged with heavy responsibilities in which failure would have had most serious international consequences, his perseverance and professional competence resulted in the accomplishment of missions which were of significant value to his country and to the Western world. His extraordinary achievement is in keeping with the highest traditions of service to the United States and merits the gratitude of his Government.

SANITIZED COPY

Content UNCLASSIFIED

per

058375

date

8 JUL 1977

REASONS FOR DISAPPROVAL OF AWARD OF THE

APPROVED:

~~BY ORDER OF THE SECRETARY OF THE AGENCY~~

Director of Central Intelligence

SIGNATURE

TYPED NAME AND GRADE/OF Chairman

SIGNATURE

TYPED NAME AND GRADE/OF RECORDER

TAGS FORM 01226
1 OCT 52REPLACES AGO FORM 01224, 1 OCT 47,
WHICH IS OBSOLETE.

C23:67

1954 MAY 6-7

5

Foreign TASS in Engl Morse to Europe, July 15, 1953. C3C GAT--E

(Text)

New York--THE NEW YORK TIMES (sic) published an article by its observer Allen who says: "The Mossadeq Government will fall before the close of this year. Iran is in the throes of a rapidly intensifying political and economic crisis, and the aged and ailing Premier is nearing the end of his turbulent rule.

"He will probably be ousted by arms, as happened in Egypt last year when King Farouk was kicked out. The Iranian Army is strongly pro-west with especially close ties to the United States, that is supplying it with modern equipment and training personnel.

"These highly significant conclusions were the first ones definitely reached at the 'Big Three' Foreign Ministers' Conference here. They were based on reports from both American and British sources in Iran. This explosive Middle Eastern situation has been a major Washington-London problem since the start of Mossadeq's hectic domination. The United States authorities made repeated efforts to settle his bitter feud with the British, but all were thwarted by his extremist demands.

"Meanwhile, political and economic conditions deteriorated to a point where an upheaval and Mossadeq's ouster are deemed inevitable. Iran suffered a smashing economic blow as a result of the drop in the world price of oil. Authoritative financial reports indicate that the Mossadeq Government is virtually bankrupt.

"That is what Secretary of State Dulles told the House of Representatives Appropriations Committee during a private conference on the foreign aid budget. Dulles, who did not visit Iran during his recent Middle East tour, stated that he had advised President Eisenhower to withhold further economic assistance to Iran until an agreement is reached on the long-pending oil dispute with Britain. Asked what effect the fall of Mossadeq would have on United States relations, Dulles made the following significant reply: 'Any Iranian Government other than a Communist one would be better for us than the present government. We found it impossible to deal with Mossadeq.'"

APPROVED FOR RELEASE
Date _____

245

La sœur du shah escroquée de 66 millions!



Elle avait chargé deux agents
de négocier ses bijoux,
ses fourrures et ses tapis

Lire nos informations page 4

La sœur du shah dévalisée...

« J. E. soussignée, Princesse Im-
périale... »

Ainsi débute une plainte
déposée, le 13 novembre dernier,
entre les mains du doyen des
juges d'instruction à Paris.

Cette princesse, dont le nom,
Achraf, signifie « la plus hono-
rée », est la sœur jumelle du chah
Pahlévi.

Ennemie déclarée du Dr Mosta-
degh, alors au pouvoir, elle avait
dû, à la prière même de son frère,
quitter précipitamment l'Iran en
juillet dernier.

La France, terre d'exil par ex-
cellence, l'accueillit. Descendue à
l'hôtel d'Alma, à Paris, la princesse
tenta d'oublier et l'on put la voir,
certains soirs, en de joyeux éta-
blissements de Montmartre.

C'est là qu'elle connut deux indi-
vidus de noble allure, au langage
châtié, auxquels elle accorda assez
de confiance pour leur avouer les
difficultés d'ordre matériel dans
lesquelles elle se débattait momen-
tamment.

L'un des deux hommes, un Gui-
deloup, alias Auguste-Marie Rice-
nard, alias Richard Graevé, pour
qu'elle sortît rapidement de cette
situation difficile, proposa à la
princesse de négocier, en son nom,
la vente de bijoux et de fourru-
res lui appartenant et dont la va-
leur pouvait atteindre trente mil-
lions.

Vingt-huit tapis persans, estimés
dix-huit millions, s'ajoutaient bien-
tôt à ce lot fastueux, puis encore
dix-huit millions sous la forme de
traites acceptées par la princesse
pour la réalisation d'une affaire
spéciale, exceptionnelle, soit soixan-
te-six millions au total.

Longtemps, la princesse Achraf
attendit la venue des hommes
promis. Vainement. Rice-nard, à
l'entendre, avait été victime d'un
vol et était incapable de faire
face à ses engagements.

La princesse, dès lors, décida de
déposer une plainte. Une interven-
tion de la police, jeudi dernier,
dans un hôtel, 55 rue Pierre-Char-
ron, devait la libérer. Le proprié-
taire de l'établissement avait signalé
qu'un voyageur avait disparu, lais-
sant, avec quelques bagages sans
intérêt, une drôle de 100.000 francs.

Une rapide enquête permit de
découvrir l'indéfini personnage
dans une hôtellerie voisine
d'Etampes. C'était Rice-nard.

Avec lui sera entendu par le
juge d'instruction son ami et col-
laborateur Joseph Bergmann, de-
meurant 3, rue du Général-Roque-
selle à Paris, qui, toujours selon les
déclarations de la princesse, aurait
trampé dans les abus de confiance
dont elle a été victime.

C'est avec une indifférence voi-
sine du cynisme que les deux
hommes ont accueilli les accusa-
tions de la princesse, qui a reçu
le soin de soutenir sa plainte à
Me Paul Bize.

Pour sa part, Bergmann a dé-
claré en souriant :

« Nous avons tellement dépensé
avec la princesse qu'elle peut bien,
à son tour, nous faire quelques
vade-mecum... »

Des réflexions de ce genre ne
suffiront certainement pas pour ré-
pondre aux questions que posera
aux deux hommes M. Vassagne,
juge d'instruction chargé de l'af-
faire.

J. JUMEL.

**La princesse d'Iran
porte plainte
pour abus de confiance
et vol**

La princesse -impériale d'Iran, Achraf Pahlévi, sœur jumelle du Chah, vient de déposer une plainte contre X... pour vol et abus de confiance.

Ennemie déclarée du Dr Mossadegh, alors au pouvoir, qui redoutait l'influence qu'elle pourrait avoir sur le souverain, la princesse Achraf — dont le nom signifie « la plus honorée » — avait dû, à la prière même de son frère, quitter précipitamment l'Iran en juillet dernier.

De passage en France, à cette époque, et à court de disponibilités, elle avait fait la connaissance de deux hommes d'affaires installés à Paris : l'un Guadeloupéen et l'autre Polonais, qui s'étaient offerts de négocier des bijoux et des fourrures lui appartenant et représentant une trentaine de millions. Mais les deux hommes déclarèrent ensuite que le produit de cette vente leur avait été dérobé et la princesse, qui réside actuellement à Paris, s'est décidée à saisir la justice de ce conflit.

FRANC-TIREUR

17 Nov '53

La sœur du shah victime d'un vol de trente millions

EN juillet dernier, la princesse Achraf, d'Iran, âgée de 30 ans, sœur du roi, ayant été expulsée d'Iran par Mossadegh, se trouvait sur la Côte d'Azur. Elle avait confié à deux hommes d'affaires ses bijoux et ses fourrures d'une valeur de trente millions environ, avec ordre de les vendre.

Les événements survenus dans son pays, l'arrestation de Mossadegh, changèrent ses projets et elle réclama ses bijoux et ses fourrures.

— On nous les a volés ! lui déclarèrent les deux intermédiaires.

La princesse, actuellement à Paris, a porté plainte contre X. pour abus de confiance et vol. Elle est assistée de M. René Bizos, avocat à la cour, et M. Nouel, avocat.

M. Vassogne, juge d'instruction, a été chargé de l'affaire.

Les deux courtiers habitent ordinairement Paris et s'y trouvent actuellement. Ils ont été entendus et soutiennent qu'ils ont été victimes d'algrefins.

PARIS-PRESSE

17 Nov '53.

Les voleurs de la princesse d'Iran ont fait disparaître des bijoux, des tapis et le manteau offert par Staline *Grave Tuerie* **AU TOTAL: 80 MILLIONS**

La princesse Achraf Fahlevi, sœur du chah d'Iran, a été volée davantage qu'elle ne le pensait par les deux « hommes d'affaires » contre lesquels elle vient de porter plainte. Le préjudice est de l'ordre de 80 millions et non de 25 comme en avait cru au début.

C'est en décembre 1932 que la princesse, de passage à Paris, se rendit, dans une situation mendiante, les deux hommes qu'elle accuse maintenant de l'avoir pillé.

La jeune femme était alors inquiète de la situation en Iran et désirait effectuer des placements fructueux. Ses nouveaux amis s'offrirent aussitôt à lui faire l'un, notamment, se dit-elle, d'un homme politique de l'Union française et particulièrement au courant des affaires indiennes, lui proposa d'investir d'importants capitaux dans des sociétés cambodgiennes exceptionnellement prospères.

La princesse n'avait pas de capitaux. Sollicitée par cette perspective, elle parla de ses bijoux, estimés 30 millions, que l'un des hommes d'affaires proposa immédiatement de réaliser.

« J'ai la possibilité de faire fructifier ce capital », dit-il.

Réputations douteuses

Un mois après avoir reçu les bijoux, l'homme revint l'oreille basse : « Le courtier à qui j'ai confié les bijoux a été dévalisé ».

Une plainte avait été déposée par ses soins, mais nul, depuis, n'a revu les bijoux, malgré l'arrestation de recenseurs supposés.

La princesse Achraf conservait d'ailleurs sa confiance à ses deux « hommes d'affaires » et, lorsqu'elle l'avertirent d'une affaire possible, en raison de la dévaluation de la

piastre, elle leur signa une procuration les autorisant à prendre livraison de tapis lui appartenant d'une valeur de 30 millions, entreposés à l'ambassade d'Iran.

Les tapis disparurent aussi mystérieusement et les deux complices, restant à la charge, obtinrent une nouvelle procuration pour disposer de plusieurs fourrures, parmi lesquelles une pièce unique : un manteau de zibeline, présent du maréchal Staline, valant cent millions.

La princesse fut aussitôt renvoyée en pays à un brocanteur de la rue des Martyrs qui en donna 120.000 francs, mais cette somme échappa encore à la sœur du chah.

Le mari de la princesse, revenant à Paris, trouva ces opérations peu « catholiques » et convainquit son épouse de porter plainte. On s'aperçut alors que les deux « courtiers financiers » avaient une réputation douteuse (l'un aurait été mêlé à une affaire de faux tabac et l'autre déjà poursuivi pour escroquerie).

L'un d'eux affirma cependant qu'il avait avancé à la princesse — qu'il avait perdue dans les salles de jeu — une importante partie de l'argent provenant de la vente des bijoux.

Ashraf Says Swindlers Took Sable Coat Stalin Gave Her

A \$3,400 sable coat, given Princess Ashraf, sister of the Shah of Iran, by Marshal Stalin, was among \$228,000 worth of items which she claims to have lost through a swindle, her attorneys disclosed yesterday in Paris.

They said that two men whom she met at a party last December offered to help her place investments abroad. One of them seemed thoroughly familiar with investment possibilities in Indo-China and proposed that she invest in a prosperous company in Cambodia.

She gave them jewelry to sell to raise money for the venture, but one month afterward she was informed that a jeweler to whom the gems were given had been robbed. Later, the two men made other suggestions about Indo-Chinese investments and the princess gave them a Persian rug worth \$86,000. She parted with the Stalin gift when they reported that they didn't have enough money.

Lawyers for the princess are seeking a warrant against the two men on charges of robbery and abuse of confidence. Their names have not been given.

Princess Ashraf, who now lists her home as Paris and who spends much of her time in France, has not returned to Iran since the overthrow of Mohammed Mossadegh, who forced her to leave her home country.

NYH Tribune

18 Nov. 53

L'ANRORE
3 Dec
LA SŒUR DU SHAH



La princesse ACHRAF sortant du cabinet du juge d'instruction

qui a déposé une plainte
en vol et abus
de confiance
a été confrontée
avec deux courtiers

La princesse Achraf Pavlovi d'Iran, sœur jumelle du Shah, a été entendue hier par M. Vassogne, juge d'instruction, en présence de M. Pierre Bizon, sur la plainte contre X qu'elle a déposée au sujet de détournement dont elle a été victime et qui portent sur des bijoux et des fourrures d'un montant de 80 millions environ, notamment sur un manteau de vison évalué à 11 millions, don de Staline.

La princesse a été confrontée avec deux courtiers, Auguste Richard, dit Richard Graeve, et Joseph Bergman, qui ont déclaré être en compte avec la princesse. Elle leur aurait donné des procurations pour gérer ses intérêts à Paris et mettre à sa disposition

les sommes qui lui étaient nécessaires en attendant que les circonstances lui permettent de retourner en Iran.

Après avoir réalisé ce min en gage ses bijoux et ses fourrures, ils auraient remis à la princesse, sans reçu, des sommes importantes, notamment dans un cercle.

M. Vassogne leur a enjoint d'avoir à déposer entre ses mains avant le 12 décembre un état complet des opérations qu'ils ont réalisées ainsi, en y joignant toutes les justifications possibles.

Stephen L. Dorril
135, School Street
Netherthong
Huddersfield HD7 2YB
UNITED KINGDOM

15 MAR 1978

Reference: F88-0283

Dear Mr. Dorril:

This is in response to your letter of 16 February 1978 in which you requested, under the provisions of the Freedom of Information Act (FOIA), information on "OPERATION AJAX" and related material on Prime Minister Mossadeq of Iran. For identification purposes, we have assigned our reference number F88-0283 to your request.

As you might expect, we have had numerous previous requests on these subjects. Therefore, we have conducted a search of our computerized system of all material released and/or releasable in response to previous FOIA requests. Enclosed are copies of a package of material; there is no charge for these copies.

Thank you for your interest in the CIA.

Sincerely,

Lee S. Strickland

Lee S. Strickland
Information and Privacy Coordinator

Enclosure

INR/TAB/pms/10 March 1938

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Orig - Adde

1 - Chrono

1 - ISD/P22-0263 GIF ORIS

1 - ORIS For Posting Purposes!!!

1 - AEF

ID#14223

This is one of those cases where the ORIS package from the 1931 Request was found in the file! ORIS is entering it on this request - th already have their copies. 140 pages = free 100 and not enough to charge :17!

2 July 1953

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MEMO To: Mr. Roosevelt

RE: [REDACTED]

For your information the Iranian Press, 30 June 1953, reported the arrest of Dr. Janshid MOFAHMAN, former Under Secretary of National Economy. The arrest was made under Article 5, Martial law.

APPROVED FOR RELEASE
Date 6 July 81

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3 JUL 1953

MEMORANDUM FOR: [REDACTED]

SUBJECT: News Bulletin

The following bulletin has been received [REDACTED]

"London Reuters Radioteletype in English to New York 1957 7/2

(Excerpts) Teheran-- Russian Ambassador Ivan Sadchikov, due to leave here today for Moscow for reassignment, has postponed his departure for 2 weeks.

The Iranian Ambassador in Moscow, Nader Arasteh, who was about to return here on leave, has been instructed to remain in the Russian capital until new talks between the two countries are well under way, it was learned today.

Iran's Foreign Office is reported to have completed draft instructions for Arasteh, who recently met Vyacheslav Molotov, the Soviet Foreign Minister.

D & E

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28 July 1953

MEMORANDUM FOR:

Deputy Director (Plans)

SUBJECT:

Statement concerning Iran made by the Secretary of State at his press conference of 28 July 1953.

1. NEW YORK TIMES correspondent Hightower asked the Secretary the following, in substance:

"There are indications of growing Tudeh Party strength in Iran. What comments do you have to make on this situation?"

2. The Secretary of State replied (and this is nearly verbatim):

"The growing activities of the illegal Communist Party in Iran and the toleration of them by the Iranian Government has caused our Government concern. These developments make it more difficult to grant aid to Iran."

3. No other questions regarding Iran were raised and the Secretary made no further references to Iran. The background material prepared by this organization and delivered to Mr. Lincoln White via Mr. Jernegan's office, was not used. However, Mr. Jernegan has kept two copies of that paper in the event newsmen follow up the Secretary's statement on Iran with Assistant Secretary Byrns or Mr. Jernegan himself.

cc: DCI

D/E

7/28/53

orig. to DD/P

1 cc - DCI

3 cc

E

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8 May 1976

INTERESTED FOR: [REDACTED]
 SUBJECT: Extracts from [REDACTED] file

1. For our conversation of 8 May 1976, I am forwarding herewith a [REDACTED] and a new detailed description [REDACTED]
2. Two pages have been extracted from the [REDACTED] and [REDACTED] and as well as copies of their return of such time as is practicable.

Attachments: Appendix A & B
 [REDACTED] File

Distribution:

Addressed - Orig & 1

[REDACTED] - 2

[REDACTED]

222
 [REDACTED]
 [REDACTED]

Clandestine Radio Azerbaijan (at Paku) has been plugging the "military coup" line for several months. A few references to this activity follow:

1 May 1953 At present the American Ambassador at Tehran is engaged in a fresh double cross. With the aid of such spies and traitors as Ala, Zahedi, Easerisadeh and Mir Ashrafi and of bogus religious leaders such as Behbehani. These elements want to make a military coup to liquidate the Mossadeq govt and establish a new govt. Among those involved are those German fascists now in the service of the Americans.

7 May 1953 The murder of Afshar Tus was one of a continuing series of plans which the Americans and British are making with the son of Reza Khan. The chief instigators of these plans are the American Ambassador and the son of Reza Khan. In the past these plans have included the Qavam incident, the Bakhtiari incident, etc.

15 May 1953 The Persian monarchy was established by the imperialists and its continued existence serves their purposes. Thus, the Shah and the American imperialists are trying to stifle the voice of the people through a military coup.

7 July 1953 All the intrigues of the American and British imperialists and the subversive actions of the Shah for staging a military coup are related. All these actions are part of a wide plan that is being carried out all over the country. It has involved the Afshar Tus affair, the Bakhtiari uprising, distribution by the army of arms to the Kuh-i-Giluyeh tribes, meetings between army heads and tribal leaders at Kermanshah, meetings in Khorasan, staged demonstrations at Meshed, arms given out at Mahabad, tribal conferences by the tribal section of the U.S. Embassy etc.

APPROVED FOR RELEASE
Date 6 July 1981

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55-11

TEHRAN, IRAQI HOME SERVICE IN ARABIC 1700 7/9

(TEXT) THIS EVENING DEPUTY DIRECTOR FOR PUBLIC PROPAGANDA, WALIL IRANIAN, HELD A PRESS CONFERENCE IN THE BROADCASTING SERVICE OFFICES ATTENDED BY CORRESPONDENTS OF THE ARAB NEWS AGENCY AND FOREIGN NEWS AGENCIES AND GAVE THEM THE FOLLOWING ANNOUNCEMENT:

YOU ARE AWARE THAT SOME IRANIAN PAPERS ARE CONDUCTING A CAMPAIGN OF ATTACK AGAINST ARABS AND AGAINST IRAQ IN PARTICULAR. SOME OF THESE PAPERS ARE NOTHING BUT CUT-AND-CUT ZIONIST PAPERS, SOME ARE FIRE-PULLED BY THE JEWISH AGENCY, WHILE SOME ARE INSPIRED BY OTHER QUARTERS. YET THE ATTITUDE OF THE IRAQI PRESS, DESPITE THESE ATTACKS, HAS ALWAYS BEEN EXTREMELY FRIENDLY, IN DEFERENCE TO THE EXISTING STATE OF AFFAIRS IN IRAN.

IT IS TO BE REGRETTED THAT, NOTWITHSTANDING THE FRIENDLY STAND TAKEN BY THE IRAQI GOVERNMENT TOWARD HER NEIGHBOR IRAN IN DIFFERENT CIRCUMSTANCES, IRANIAN OUTRAGES IN RECENT TIMES HAVE ASSUMED A DIFFERENT CHARACTER, WHICH IS FAR FROM SATISFACTORY. ARMED IRANIAN SOLDIERS HAVE BEGUN TO INFILTRATE IRAQI TERRITORY AND TO COMMIT OUTRAGES ON THE INHABITANTS OF PEACEFUL VILLAGES CONTIGUOUS TO THE FRONTIER. THEY LOOT THEIR CATTLE AND ANYTHING THEY CAN LAY THEIR HANDS ON. THEY THEN RETURN TO THEIR POSTS WITH THEIR LOOT.

NOTWITHSTANDING REPEATED NOTES OF PROTEST LODGED BY THE FOREIGN OFFICE, THESE ENCROACHMENTS CONTINUE. AN INSTANCE OF THIS TOOK PLACE A FEW DAYS AGO WHEN 20 IRANIAN SOLDIERS TRESPASSED UNOCCUPIED TERRITORY ACCOMPANIED AND LOOTED AN ESTIMATED 515 HEAD OF SHEEP BELONGING TO THE TRIBE OF (JAH) IN THE VILLAGE OF (LAL, BEH), AFTER THE SHEPHERD WAS WOUNDED BY GUNSHOT.

PRIOR TO THAT INCIDENT, THREE IRANIAN SOLDIERS WERE APPREHENDED WITHIN IRAQI TERRITORY. THEY WERE RETURNED TO IRAN TOGETHER WITH THEIR ARMS, TO PRESERVE THE FRIENDLY RELATIONS EXISTING BETWEEN THE TWO COUNTRIES.

LAST WEEK IRANIAN SOLDIERS TRESPASSED UPON THE (BENASUVA) AREA AND PENETRATED IRAQI TERRITORY TO A DEPTH OF ABOUT FIVE KILOMETERS. WHEN THEY ATTEMPTED TO LOOT THE SHEEP OF THE VILLAGE, THE OWNERS OF THE SHEEP AND THE POLICE RESISTED THEM AND IN THE ENSUING CLASH SOME CASUALTIES WERE INFLICTED. EIGHT IRANIAN SOLDIERS, INCLUDING THE ONE IN CHARGE OF THE IRANIAN C. I. POST, WERE ARRESTED WITHIN IRAQI TERRITORY, AND THEY WERE CONVEYED TO PENJWIN.

BY THIS TIME, A NOTE OF PROTEST WILL HAVE BEEN DELIVERED TO THE COMPETENT IRANIAN AUTHORITY. THE IRAQI GOVERNMENT, VIGILANT TO SAFEGUARD THE SANCTITY OF HER TERRITORY AND THE LIVES OF HER NATIONALS AND THEIR PROPERTY, ADHERES AT THE SAME TIME TO THE BONDS OF FRIENDSHIP THAT BIND HER TO HER NEIGHBOR IRAN AND SEEMS ALWAYS TO MAINTAIN AND CEMENT THESE BONDS.

EP 7/9-445P

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CHIEF OF STAFF - IRANIAN ARMY

Minister of National Defense - MOESADEQ

1st Deputy Min. of Nat. Def. - Maj. Gen. Mir Mohammed MIRAKA

2nd Deputy Min. Nat. Def. - Brig. Gen. Esadollah SANII

Chief, Secretariat, Min. of Nat. Def. -

Chief, Finance Inspection Department

Chief, Infantry Inspection Department

Chief, Cavalry Inspection Dept.

Chief, Artillery Inspect. Dept.

Chief, Inspection Area # 1

" " " " 2

" " " " 3

" " " " 4

" " " " 5

Prime Ministers Military Council

Brig. Gen. Hassan AMINI

Brig. Gen. Esadollah SANII

Brig. Gen. Farhad DADSETAN

Brig. Gen. Gholam Hosein AFZARI

Brig. Gen. Issa HEDAYAT

Lt. Gen. Ali Asghar NAGEDI

Maj. Gen. Gholam Reza SZAHINURI

Maj. Gen. Seyyid Mahmud MIR-JALAL

Maj. Gen. Kasrollah MOGHBELLI

Maj. Gen. Kader BATMANGELITCH

Lt. Gen. Farajollah AGHEVLI

Lt. Gen. Ali Asghar NAGEDI

Maj. Gen. Mahmud BAHARMAST

General and Special Staffs

Chief of General Staff

1st Deputy CofS

Air Force Commander

Navy Commander

2nd Deputy CofS

Commander Frontier Guards

Maj. Gen. Taghi RIABI

Brig. Gen. Reza AZIMI

Brig. Gen. Mohammed MOINI

Admiral Gholam Hosein BAYANDOR

Brig. Gen. Ataollah KIANI

Brig. Gen. Mohammed DAFTARI

General Staff

Asst. CofS, G-1

Brig. Gen.

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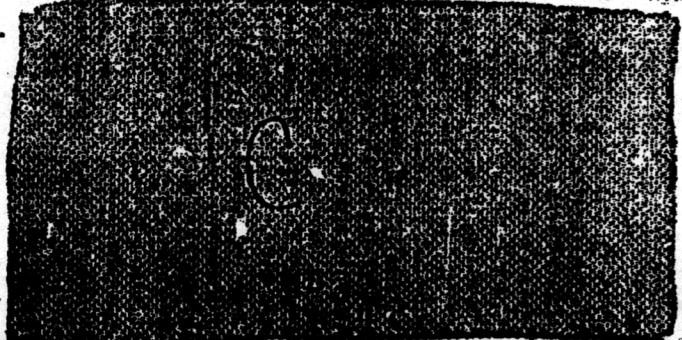
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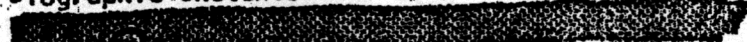
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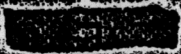
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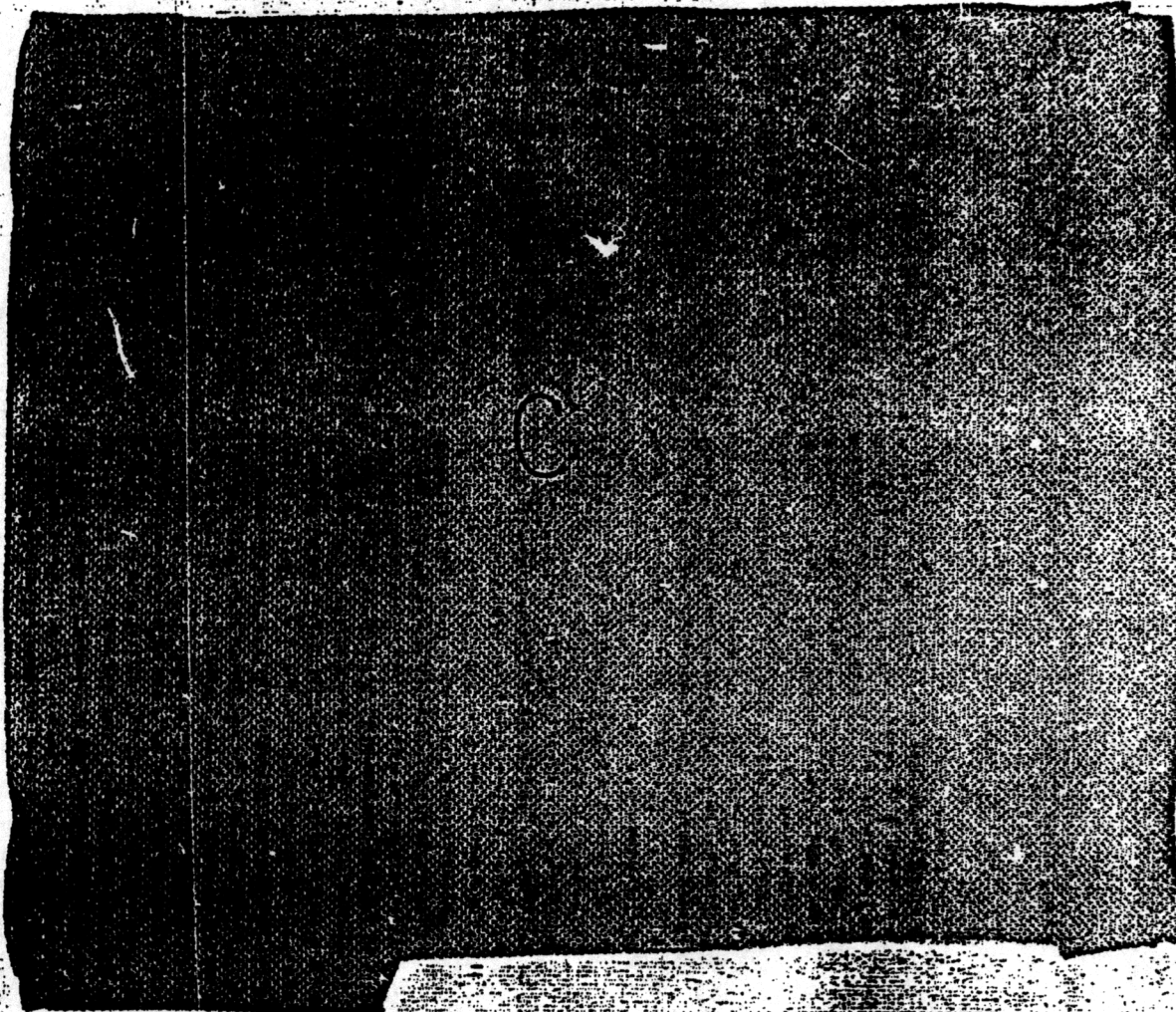
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THE BATTLE FOR IRAN

I. INTRODUCTION



II. IRAN, ANCIENT AND MODERN

A. The Nation

1. Imperial Past

The first Persian² empire, that of the Achaemenid dynasty, was founded by Cyrus the Great in the Sixth Century B.C. through conquest

¹ See Appendix B for a brief biography of Mosadeq.

² Persia was derived through Greek from Persis, the name the Greeks used for Parsa, the tribe and province of the Achaemenids. In 1935 Reza Shah insisted that foreigners use Iran, the native usage which means "Land of the Aryans," rather than Persia.

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of the Nile and other his region now called Egypt as the Middle East. Cyrus, Darius, further extended the empire, which he divided into 20 satraps or provinces connected by a network of imperial roads. The Achaemenid empire endured for almost 200 years, until it was destroyed by Alexander the Great of Macedonia. The Greeks were soon succeeded by the Parthian dynasty, which in turn was followed by the Sassanids, who ruled for 400 years from the third to the seventh centuries A.D. and who restored the glory of ancient Persia. In 651, however, the Arab invasion swept across Persia, which for the next nine centuries was ruled by a succession of foreign conquerors. A native Persian dynasty rose again at the beginning of the 16th century when the Safavids came to power; their rule lasted over 200 years and reached its peak under Shah Abbas from 1587 to 1620. Invading Afghans overthrew the Safavids in 1722 and were in turn driven out by Nadir Shah, a Turkic-speaking tribesman who launched a campaign of conquest that included invasions of India and the Caucasus. The succeeding dynasty, that of the Qajars, lasted until the early 1920's when Reza Khan³, a colonel in the Iranian army's Cossack Division, seized power in a military coup. He became Shah in 1925, deposing the Qajars and founding the Pahlavi dynasty. When Iran was occupied in 1941 by British and Soviet troops in order to guarantee the Allied supply route to the embattled Russians, Reza Shah³ abdicated and was succeeded by his son, Mohammad Reza Pahlavi, the present Shah.

2. The people

Of Iran's population in 1952 of under 18 million, more than 70% were ethnic Iranians of Indo-European stock; Persians made up

³ See Appendix B for biographic details on Reza Shah.

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30% of the total. The other tribes included Kurdish, Gilani, Mazenderani, Lur, Bakhtiari, and others. Many of these were nomadic or semi-nomadic peoples. About 22% or so of the population were Turkic peoples, primarily the Azerbaijani of the northwestern provinces but also including the Turkoman and Qashqai tribal groups. Arabs made up about 5% of the population, and the remainder were non-Muslims, including Armenians, Assyrians, and Jews. Persian (or Farsi, as it is known in Iran) was the official language, spoken by most ethnic Iranians, although Turkic and Arabic dialects were also in use.

Almost all Iranians are Shia Muslims, in contrast to the Sunnis who predominate in the Muslim world. Shias believe that the true succession to the leadership of Islam continued through the line of Ali (Mohammad's son-in-law) in the series of the 12 Imams, in contrast to the Sunnis who insist that the Caliphs succeeding Mohammad were selected by the consensus of the Muslim community. Although there is no organized Shia hierarchy, certain titles distinguish special members of the religious community. A cleric of limited theological training is a "mullah," while one who has studied at a higher institution is a "mujtahid" and qualified to adjudicate questions of religious conduct. The most important Iranian religious leaders have borne the honorary title of "Ayatollah," and the leader at the Shrine at the city of Qom may issue decrees which have the force of law to the faithful. A descendant of Mohammad may use the title "Sayyid" as part of his name, but he is not necessarily a religious figure.

The social structure in the early 1950's included an elite composed of the Shah, his court, and the 200 or more ruling families whose wealth

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derived from agricultural land. Below the elite was the upper middle class that included government officials, professional men, importers, bankers, and merchants. The urban middle class consisted mainly of small merchants, craftsmen, lower level clergy, and teachers and as a group had not benefited greatly from the economic development and educational opportunities of the previous two decades. The day laborers, street vendors, and service workers were at the bottom of the urban class structure. Most of the country's people were working in the 1950 era as tenants, bound to their landlords by an almost feudal system. Outside the Iranian social structure were the tribes, whose social system in times of peace impeded the progress and modernization of Iran and was a source of weakness. In times of stress, however, the tribes were a source of strength;

→ In the 1941-45 period, they remained relatively untouched by the general collapse, but while retaining some internal stability, the tribes nonetheless contributed to national confusion and disorder through their clannish narrow-mindedness, tribal rather than national loyalties, and readiness to resort to violence.

As a people, Iranians have been described⁴ as having an intense national pride that has resulted from a fairly homogeneous stock and a 2,500-year history. In spite of this pride in the achievements of past dynasties and the high level of intelligence among those who have had the means to develop their potentials, the national movement of the 1950's accomplished little.

⁴ John Marlow in Iran: A Short Political Guide, Frederick A. Praeger; New York; 1963.

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... among the reasons accounting for this are the fact that nationalistic feelings and native intelligence are often accompanied by an individualism that inhibits cooperation, by a cynicism that despises enthusiasm, by an impatience that derides calculation, and by a volubility that abhors discretion. Their nationalism thus has lacked an air of common purpose, of willingness to sacrifice, of the dedication that has given impetus to the national movements of other, less well-endowed peoples.

3. The economy

In 1950 Iran was still basically an agricultural nation with a backward economy.

Farming, stock raising, forestry, and fisheries probably accounted for half the gross national product; wheat was the major crop, followed by barley, rice, cotton, and tobacco. Manufacturing was growing in importance, with textiles--cotton and wool--leading the cement, match, and glass industries, although food processing was still the most important non-oil activity.

Oil, of course, prior to 1951 when the effects of the dispute with the British were severely felt, was contributing about a third of budgetary revenue and nearly two-thirds of foreign exchange. Oil revenues started to climb when the war ended, going from \$7.13 million in 1946 to \$16.03 million in 1950; by 1952, they were only \$3.3 million. In 1950, 31,217,000 metric tons of oil were exported, but this fell to 9,158,000 metric tons in 1951 and to a pitiful 14,000 metric tons in 1952 when the British left.

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4. Politics and government

Until the early years of the 20th century, Persia had either been an absolute monarchy or had been under the rule of foreign invaders. In July 1906, however, popular resentment against the excesses of Muzaffir ad-Din, a Shah of the Qajar dynasty whose excursions to Europe were nearly bankrupting his country's treasury, grew so strong that widespread demonstrations and riots forced him to proclaim a constitution. This relatively liberal document, supplement^{ed} in 1907 and amended in 1925, 1949, and 1957, provided for a government of three branches. The power of the executive was vested in the cabinet and in government officials acting in the Shah's name. The judiciary was composed of a hierarchy of civil courts up through the Supreme Court, while the legislative branch comprised the parliament, or Majlis, of 136 members, elected by the people every 2 years, and, after 1949,¹ the smaller Senate, half of whose members were appointed by the Shah and half elected.

Whatever power remained in the hands of the Qajar Shah vanished soon after World War I, in which Iran had maintained a slightly pro-German neutrality that was violated by ^{the forces of} Turkey, Russia, and Britain. In February 1921, a young reformist politician, Seyyid Zia ed-Din Tabatabai, and Col. Reza Khan, commander of the Iranian Cossack Division⁵, combined to overthrow the government. Zia ed-Din became Premier and Reza Khan commander-in-chief of the army, but the two soon quarreled, and Zia ed-Din fled into exile.

in May 1921. Reza Khan remained

⁵ The Cossack Division, at that time the only well-organized and effective unit in the army, came into being as a result of Nasr ed-Din Shah's visit to Russia in 1873. The Shah admired his Cossack escort and asked the Czar to send him Russian officers to organize a Cossack cavalry regiment in the Iranian army. It grew to a brigade and then a division, and its White Russian officers and noncoms were retained until October 1920, when Reza Khan replaced Col. Starrosselsky as commander and other Iranians took over for the remaining Russians.

in power as Minister of War, organizing himself to the reorganization of the army. Unifying the various military units into a closely knit, centrally controlled army, he employed it to ^{expel the Bolsheviks,} pacify Azerbaijan, and quell the rebellious tribes. Reza Khan took over as Premier in 1923, and two years later he became Shah.

The two focal points of Reza Shah's dictatorial rule were nationalism and modernization, and in this he greatly resembled Kemal Ataturk in Turkey, although his methods and goals were less radical. He improved the status of women and checked the power of the Shia clergy, but he stopped short of Ataturk's romanization of the national language--Farsi retained its Arabic script. As a nationalist, he was suspicious and guarded toward the Soviet Union and challenging toward the British, particularly as to the oil concession, which he felt did not sufficiently benefit Iran. He brought in first American and then German economic advisers to reorganize the country's finances and to serve as a counterweight to Soviet and British influence.

Reza Shah's dictatorial rule ended with the occupation of his country by the Soviets and the British in August 1941--an episode that will be discussed below--and a month later he abdicated in favor of his son, Mohammad Reza Pahlavi,⁶ who was proclaimed Shah by the Majlis. He left Iran at once and eventually died in exile in South Africa in 1944. The Iranian government he left behind faced a difficult period, with a Russian occupation in the north and a British one in the south. Tehran remained a neutral zone, but the Allies controlled the transportation

⁶ His biography appears in Appendix B.

system, and wartime shortages
crippling inflation.

Suddenly brought to power in an occupied country, the young Shah, who had been ^{partially} educated in Europe and who was believed to favor constitutional government, was unable to provide strong leadership to his government. As a ~~result~~ ^{consequence} the power of the Majlis increased, a large number of transitory political parties and partisan newspapers were started, the tribes again became defiant, the clergy became stronger, and the Communists--banned as a party in the 1920's--returned in the guise of the Tudeh Party. Tudeh, headed by leftists and former Communist Party members, received funds and direction from Moscow and recruited both members and sympathizers throughout Iran during the war years and until its overt apparatus was crushed in 1954.

Little more than a department of Reza Shah's government in the 1920's and 1930's, the Majlis emerged from the years of occupation as a revitalized if irresponsible political force. It insisted on confirming the appointment of the U.S. financial advisory mission in 1942, it imposed limits on the government's right to negotiate oil concessions, and it took on the selection of a new Premier as its privilege--although the Shah retained the right to approve or disapprove the choice. In its dealings with Premiers or Shahs, the Majlis had a powerful weapon--the quorum veto. The constitution stated that the Majlis could only be considered convened when two-thirds of its 136 deputies had reached Tehran, and half of those present in the capital constituted a quorum. Thus, if 91 deputies were in Tehran, the absence of 46 of them could keep the assembly from functioning.

Political parties in the Western sense had never been strong in Iran, and during the war years their number had multiplied. Only the Tudeh was

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an effective political organ and it was inclined toward the "minority" parties, as opposed to the "majority" grouping that tended to vote together on key national issues. In general, political forces in postwar Iran had sorted themselves out into left, right, and center groups. Tudeh and its sympathizers were on the left. The right was more heterogeneous and included Dr. Mohammad Mosadeq's National Front,⁷ the fanatical religious organizations Fedayan Islam and Mojahadin Islam,⁸ the several small fascist parties, most Tehran University students and professors, and many small merchants and businessmen. The center was moderate and inclined to be more pro-Western; it included the Shah, most army officers, the Democratic Party, and the wealthy merchants and landowners who favored the status quo. Aided by landowner control over the peasant vote, center candidates usually won the majority of Majlis seats, but in the late 1940's and early 1950's, the nationalistic policies of the right regularly won the voting support of the left and center.

B. Between Russia and the West

1. Aggression from the North

Iran lost wars and territory to Czarist Russia in 1813 and again in 1823 and has lived in varying degrees of dread of its northern neighbor ever since. Great Britain was the counterbalance to Russian power--the British goal was to keep Iran as a buffer between Russia and

⁷ For example, in the 16th Majlis, elected in 1950, the National Front was composed of Mosadeq and eight followers who nonetheless were usually able to carry a majority of deputies with them on key votes.

⁸ Fedayan Islam, numbering at most a few hundred members, carried out terrorist acts in support of its goal of reestablishing Islamic law and practice to a dominant place in Iran. Mojahadin Islam was more political; its religious spearhead in the Majlis included mullah Ayatollah Kashani and Shams Qanatabadi, two influential, politically oriented religious leaders.

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India--until 1907, when Britain and Russia signed an agreement to divide Iran into zones of influence. The British purpose was to secure Russia as an ally in Europe against the growing power of Imperial Germany, and the result was that northern and central Iran as far south as Isfahan was open to Russian economic and political influence. The British zone was southeastern Iran adjacent to Indian Baluchistan until 1915, when in return for rights to the oil-rich southwestern zone the British recognized Russian claims to control of the Turkish Straits.

During World War I, Iranian neutrality was violated by the Turks, the Russians, and the British; the Russians entered northern Iran to counter Turkish advances through Iran toward the Caucasus, while the British sent in troops and organized Iranians into the British-officered South Persian Rifles to counter German attempts at subversion among the tribes and sabotage of the oil pipeline. The Russian military collapse in 1917 left a vacuum in northern Iran and the Caucasus that the Bolsheviks, Turks, Germans, and British attempted to fill. Britain's anti-Bolshevik intervention in Russia and Iran ended in 1919, but a treaty was concluded with Iran in August 1919 that would have made Iran a virtual British protectorate. This treaty was never ratified by the Majlis, however, and when Reza Khan and Seyyid Zia ed-Din seized power in 1921, Iran formally repudiated it.

From the start, Soviet Russia's official policy toward Iran was friendly. In a January 1918 note, the Soviets renounced all Czarist privileges contrary to the sovereignty of Iran and promised to aid the Iranians in expelling British and Turkish occupying forces. Their note

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also declared that the 1907 Convention in Britain was no longer binding. In an additional note of 26 June 1919, the Russians annulled all Iranian debts, renounced all Russian concessions in Iran—including the Russian Discount Bank and all railroads, harbors, and highways built by them—and declared the capitulations (privileges and exemptions guaranteed to Russian citizens in Iran) null and void. The Soviet-Iranian Treaty of Friendship of February 1921 formalized the provisions of the 1919 note, renounced any interference in one another's internal affairs, gave Iran the right to maintain naval forces in the Caspian Sea, and permitted Russia to send troops into Iran if it should become a base for a third-country threat to the Soviet Union. (This final provision, which originally applied to White Russian forces, was subject to Soviet interpretation of what constituted a threat, and was a significant factor in restraining forceful British response to the Iranian takeover of the oil industry in 1951.)

Iranian relations with the Soviets in the 1920's concentrated on trade, which built up significantly until 1926, when a sudden and strict embargo was placed on Iranian agricultural products, mainly from the northern provinces. The embargo forced Iran to conclude a commercial treaty with the Russians that introduced barter transactions and gave the Soviets exclusive marketing privileges in Iran. This had several results: The Soviet share of Iranian foreign trade rose from 23% in 1926-27 to over 38% in 1928-29; Iranian industrial development was deliberately discouraged by the artificially low prices the Soviets put on competitive manufactured goods; and, Iran began to turn toward Germany as a foreign trade partner.

Germany, in addition to increasing its purchases of Iranian products, also became involved in the construction of the Trans-Iranian Railway, one

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of Reza Shah's most important projects. Germany ran Iran's internal airlines in the late 1930's, supplied railway rolling stock and motor vehicles, and aided industrialization in Iran by setting up foundries, coal mining equipment, a cement factory, textile and paper mills, and a machinegun factory. A German financial adviser replaced the American Dr. Arthur Hays Sulzberger in 1927, and the Germans and Iranians signed a trade treaty in 1928 and a treaty of friendship in 1929. As a result, Germany's share of Iran's foreign trade rose from 8% in 1932-33 to 45.5% in 1940-41, and by August 1941 the number of German advisers, technicians, and businessmen in Iran reached 2,000.

The nature and extent of this German penetration into Iran became very significant when German armed forces invaded Russia in 1941 and rapidly moved deeply into the Soviet Union. Iran was the shortest and most feasible route for badly needed war materials to be sent to Russia by its new allies in the West. Further, the possibility of a German takeover in Iran was a risk the Russians could not allow. On 19 July and 16 August 1941 the British and Soviet diplomatic missions in Tehran presented notes demanding the expulsion of the Germans in Iran, but Iran insisted it was neutral and that no danger existed. On 25 August, the final Allied demands were presented and the invasion began; the Soviets entered Iran from the north in three columns, the British from the south in two. Iranian armed resistance was negligible except for a sharp fight in Khuzistan that cost 55 British casualties. The Ali Mansur cabinet resigned on 27 August, and the official surrender took place the next day.

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Under its terms, the Soviets occupy the five northern provinces and the British the southern provinces, leaving central Iran and the capital to the Iranians; all Germans were to be expelled or turned over to the Allies; Iran was to facilitate the transport of Allied supplies. Reza Shah's position was made untenable by the poor performance of his army and by the subsequent hostile Allied propaganda campaign, and he abdicated in favor of his 22-year-old son on 16 September 1941. Although most Germans were interned or sent back to Germany, a number of key agents escaped and sought to stir up the tribes to sabotage and rebellion; Maj. Julius Schulze^{Holthaus} worked among the Qashqai, and Franz Mayr^e tried to stir up the Kurds and sabotage the railroads. A number of prominent Iranians were found to be listed among Mayr's actual or potential agents, and many of them--including Maj. Gen. Fazlollah Zahedi, who in 1953 became the leading Iranian military man in the coup that ousted Mosadeq and who succeeded him as Premier--were arrested and sent to detention camps in Palestine.

The de facto situation of the occupation was confirmed by the Tripartite Treaty of Alliance signed by the Soviet Union, Britain, and Iran on 29 June 1942. In this treaty, the Allies promised to withdraw their forces from Iran not later than six months after hostilities with Germany and its associates had ceased. Although the Iranians feared Russia and disliked the British presence and methods employed in seizing and running the transport system, they declared war on Germany in September 1943, presumably to ensure being on the winning side. When Roosevelt, Churchill, and Stalin met in Tehran in November 1943 (without ever officially consulting or advising the Iranian government), they signed the Declaration on Iran, which recognized Iranian assistance to the war effort, promised economic aid, and reaffirmed Iran's independence, sovereignty, and territorial integrity.

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Nonetheless, when the war ended in 1945, there were difficulties with the Soviets. In late 1945, the British attempted to get Iranian approval for their exploitation of oil in southern Iran in the Soviet zone. The furor over Iran's rejection of this offer, which was backed up by U.S. Ambassador Leland Morris' statement that the U.S. Government recognized the sovereign right of Iran to refuse to grant oil concessions, led to the resignation of Premier Sa'ed. With the new Premier under heavy Soviet pressure, Mohammad Mosadeq introduced a bill into the Majlis making it a crime for any cabinet minister to enter into negotiations with or to grant oil concessions to foreigners without the approval of the Majlis. The bill was passed on 2 December 1944.

Frustrated in their attempts to obtain a solid claim to oil in northern Iran, the Soviets became reluctant to leave Azarbaijan. On 29 November 1945, the United States proposed that all Allied troops be evacuated by 1 January 1946, but the Soviets insisted on the March 1946 date previously agreed to by the British. On 12 December, the "Autonomous Republic of Azarbaijan" was proclaimed, a national assembly elected, and Ja'afar Pishevari, a veteran Comintern agent, was named Premier. At the same time a Kurdish uprising took place in western Azarbaijan, and a Kurdish People's Republic ^{was} proclaimed with Qazi Mohammad as president; it promptly allied itself with the "Autonomous Republic."

On 22 January 1946, the Shah asked Qavam as-Saltaneh to form a new government. After dismissing General Arfa, who had pro-British tendencies as Chief of Staff, Qavam went to Moscow in February to negotiate with the Russians. The Soviets proposed that their troops remain indefinitely in parts of Iran, that Iran recognize the internal autonomy of Azarbaijan (whose premier would also be designated governor-

general), and that rather than set up a joint Iranian-Soviet stock company, it was to be set up, with 51% of the shares to be owned by Russia, 49% by Iran. Qavam rejected these demands and returned to Tehran, where he faced a political crisis. The 14th Majlis was due to end its two-year term on 11 March 1946, and it had voted that no elections for the next Majlis could be held while foreign troops were still in the country (U.S. forces ^{had} left Iran 1 January, the British on 2 March). The deputies' attempts to meet and vote to extend their terms were frustrated by Tudeh demonstrators, who until after 11 March physically prevented a quorum from gathering. Qavam was thus left to rule the country ^{alone} until the 15th Majlis could be elected.

Iran then brought the matter of the continuing Soviet occupation before the new United Nations Security Council, and under U.N. and U.S. pressure, the Soviets on 4 April 1946 concluded an agreement with Iran that called for evacuation of all Soviet troops within a month and a half after 24 March 1946, the establishment of a joint stock oil company which would be approved by the Majlis within 7 months after 24 March, and arrangements for improvement of relations between the Iranian government and the people of Azarbaijan.

Accordingly, Qavam worked out an agreement with Pishavari that would have conceded most Communist demands while leaving Azarbaijan under the nominal authority of Tehran. The Soviets appeared to be gaining influence in Iran, an impression that was reinforced when on 2 August 1946 Qavam brought three Tudeh Party members and a Tudeh sympathizer into his "popular front" cabinet. In the meantime, Tudeh had provoked an oil

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workers' strike in Khuzistan led 100,000 workers and led to violence and sabotage.

The inclusion of ^{the} Tudeh in the Qavam government brought a strong British reaction; British troops were moved from India to Basra, in Iraq, with the stated purpose of securing supplies of Iranian oil that Britain needed. Then, with encouragement from British consuls and military advisers in their region, a coalition of Qashqai, Bakhtiari, and other tribesmen was formed which in a demonstration of force captured Bushire, Abadeh, Kazerun, Bandar Anir, and besieged Shiraz. A settlement was ultimately worked out in mid-October between the tribal leader, Naser Khan Qashqai, and General Zahedi, then commanding the garrison at Shiraz, in which the government recognized the tribes' demands. On 17 October Qavam resigned and took office again, and the new cabinet he formed did not include the Tudehites; on 24 November Qavam ordered the army into Azarbaijan to supervise the elections for the 15th Majlis. Given this chance to redeem itself for the failure in 1941, the army responded enthusiastically. There was little resistance from the lightly armed Azarbaijan forces, and on 14 December the "autonomous" regime collapsed. The army also captured the Kurdish stronghold of Mahabad, executing the leaders of that rebellion. In Tehran, Tudeh headquarters were raided, and the way was opened for the elections to begin on 11 January.

When the 15th Majlis was finally inaugurated in August 1947, the opposition led by Dr. Mosadeq began to fight the ratification of the Soviet oil agreement. In the face of Soviet pressure on the Iranians, the new U.S. Ambassador, George V. Allen, in a speech on 11 September before the Irano-American Cultural Relations Society, made it clear that Iran was

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free to accept or reject the offer, and that in any case Iran would be supported by the United States against Soviet threats or pressure. Citing American policy aimed at removing the fear of aggression anywhere in the world, Allen said:

The United States is firm in its conviction that any proposals made by one sovereign government to another should not be accompanied by threats or intimidation. When such methods are used in an effort to obtain acceptance doubt is cast on the value of the proposals.

Our determination to follow this policy as regards Iran is as strong as anywhere else in the world. This purpose can be achieved to the extent that the Iranian people show a determination to defend their own sovereignty. Patriotic Iranians, when considering matters affecting their national interest, may therefore rest assured that the American people will support fully their freedom to make their own choice.

Iran's resources belong to Iran. Iran can give them away free of charge or refuse to dispose of them at any price if it so desires.⁹

Thus convinced of U.S. support, on 22 October 1947 the Majlis rejected the Soviet oil agreement by a vote of 102 to 2 and instead passed a bill that forbade further oil concessions to foreign governments or partners and called for negotiations with the Anglo-Iranian Oil Company for a greater share of the profits. This measure was to have far-reaching effects on Iran's relations with Great Britain and the United States.

2. The Oil Dispute, 1949-53

The involvement of Great Britain in Iranian oil went back to the original D'Arcy concession of 1901, the first of a series of grants that were renegotiated at various times to keep up with the growth of the oil industry and world demand for oil. The Anglo-Persian Oil Company was founded in 1909, but it took on a new complexion in 1914 when the British government became the major shareholder. The reason for this

⁹ The New York Times, 12 September 1947

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official investment was given by the Admiralty in 1911 and decision, which had been intended for nearly a decade, to convert the Royal Navy from burning coal to burning oil. On the brink of a major war, the navy had to be assured of a source of oil, which was both efficient and cheap. Anglo-Persian (Anglo-Iranian, after 1935) Oil Company

continued to extract oil under its original concession for the next 30 or so years, building pipelines as well as a large refinery at Abadan. The concession was renegotiated in 1933 to give Iran a greater share of the net profits and to modify the concession area. Managers and technicians continued to be either British or Indian, with the Iranians providing unskilled or semiskilled labor.

Following the passage of the Majlis legislation of 1947 rejecting the Soviet oil concession, the Iranian government presented to Anglo-Iranian a list of 25 points to be discussed. Chief among these were British taxation on Iran's share of company profits, Iran's rights to the company's installations at the end of the concession in 1993, a reduction in the number of British employees, the royalty basis--that is, the price to be paid to Iran for each barrel extracted and sold through AIOC's marketing and transporting system, and Iranian tax and custom exemptions. After lengthy discussions, the so-called "Supplemental Agreement" raising the royalty payment from 4 to 6 shillings a ton and giving Iran 20% of distributed profits and general reserve was sent to the Majlis on 19 July 1949.

Debate began shortly thereafter, but the term of the 15th Majlis ended before a vote on ratification could be taken. Elections for the 16th Majlis were finally completed in March 1950, and Mosaddeq and his eight National Front colleagues led the balloting in Tehran. Ali Mansur

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... named Premier, and the proposed Anglo-Iranian Oil Agreement was turned over to the Majlis Special Oil Commission for study in June 1950, the same month in which Gen. Ali Razmara, a former Chief of Staff, became Premier. The commission's report to the Majlis stated that the agreement did not adequately secure Iran's rights and should not be ratified. Razmara's Minister of Finance then withdrew the agreement and reopened negotiations with the AIOC, which by February 1951 was willing to agree to a 50-50 profit sharing similar to the agreement that Aramco had worked out with Saudi Arabia. Razmara, however, had asked a group of experts to study the feasibility of nationalization of the oil industry; their view was that Iran lacked sufficient technical expertise to run the industry, that the concession could not legally be cancelled, that heavy compensation would be due Britain, and that both foreign exchange and prestige would be lost by hasty nationalization. When Razmara opposed immediate nationalization as impractical under the circumstances, he was assassinated on

7 March 1951 by a member of Fedayan Islam, the rightist religious terrorist group. Hosein Ala briefly succeeded Razmara as Premier, and the Majlis approved the principle of nationalizing oil. When Ala resigned in April, the Majlis voted to recommend Mosadeq to the Shah as Premier, and he was appointed to the post on 29 April. Acting swiftly, the Majlis approved on 1 May a nine-point nationalization law. This act began a summer of hectic but fruitless bargaining that culminated in impasse and the departure in October 1951 of British managers and technicians.

Because the true issue in the dispute was political, in that the Iranians had come to identify oil with their own resurgent nationalism, the two governments were never able to understand

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one another's position. The British, attempting to deal with a political problem in economic terms, insisted that the Iranians had to sell their oil, or go broke and that the best approach was to wait them out, at first for workable terms and later--after nationalization--for adequate compensation. The Iranians, assuming that the West could not do without their oil, were convinced that by hiring non-British technicians and leasing tankers they could operate the oil industry on their own. To the British, the Iranians seemed irrational and wasteful; to the Iranians, the British appeared overconfident and condescending. As a result, their negotiations were so unproductive and mutually frustrating that the British even considered military intervention to seize Abadan, although the strong possibility that the Soviet Union would invoke its 1921 treaty with Iran to oppose such a British move served as an effective deterrent. The legalistic approach of the British government, which as the major stockholder in the AIOC regarded the oil concession as a treaty or, at the very least, an agreement between nations, was to take the matter first before the International Court of Justice and then to the Security Council of the United Nations. In the end, the Security Council deferred to the decision of the ICJ as to its own jurisdiction, and when in June 1952 the court ruled that the concession was not a treaty and hence not a proper matter for it to consider, all legal approaches were exhausted. The dispute was at an impasse, and by October 1952 diplomatic relations between the two countries were broken off.¹⁰

3. Iran and U.S. Foreign Policy

United States foreign policy under President Harry Truman has

¹⁰ A more detailed but still necessarily brief description of the oil dispute is included as Appendix B to this history.

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... generally characterized as ... of ...
 Whatever its name, the policy ... in 1947 when the British Government
 informed the United States that it could no longer afford to support
 Greece and Turkey--militarily and financially--against the very real
 threat of Soviet aggression and subversion. In assuming this burden,
 Truman said in a message delivered before Congress in March 1947:

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.

I believe that we must assist free peoples to work out their own destinies in their own way.

I believe that our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes.

The world is not static, and the status quo is not sacred. But we cannot allow changes in the status quo in violation of the Charter of the United Nations by such methods as coercion, or by such subterfuges as political infiltration. In helping free and independent nations to maintain their freedom, the United States will be giving effect to the principles of the Charter...

Should we fail to aid Greece and Turkey in this fateful hour, the effect will be far-reaching to the West as well as to the East....¹¹

Usually credited with originating the containment theory behind the Truman doctrine is George F. Kennan, who in February 1946 as counselor of the U. S. Embassy in Moscow sent the Department of State a long telegram in which he analyzed Soviet postwar policy aims. His telegram struck responsive chords in Washington; James Forrestal, then Secretary of the Navy and later the first Secretary of Defense, gave the telegram wide circulation within the national security bureaucracy. When Kennan returned from his tour of duty in Russia, Forrestal sponsored him for the post of director of the National War College, where he stayed for less than a year before becoming head of State's new Policy Planning Staff.

¹¹ Public Papers of the Presidents of the United States: Harry S. Truman, 1947. U.S. Government Printing Office; Washington, D.C.; 1963; pp.173-9

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Kennan's article "The Sources of Soviet Conduct," which appeared in Foreign Affairs for July 1947, and which is credited with the initial statement of the containment policy, was an amplification of his Moscow telegram. It was originally written for Forrestal in response to a paper on Marxism and Soviet power prepared by a Forrestal staffer and sent to Kennan for comment.¹² In January 1947, Kennan addressed the Council on Foreign Relations in New York on his views on the Soviet Union, and Foreign Affairs editor Hamilton Fish Armstrong asked him for a paper along the lines of the talk for publication in that journal. Rather than write another paper, Kennan asked Forrestal's permission to publish the one he had done earlier, and when this was forthcoming, sent it to Armstrong with the request that it be signed "X".

In the "X" paper's description of the exercise of Soviet power, Kennan noted the innate antagonism between capitalism and socialism that was deeply imbedded in the minds of Soviet leaders. Moscow invariably assumed that the aims of the capitalist world were antagonistic to Soviet interests, and that, said Kennan, "means that we are going to continue for a long time to find the Russians difficult to deal with." Thus, he continued, "...the main element of any U.S. policy toward the Soviet Union must be that of a long-term, patient but firm and vigilant containment of Russian expansive tendencies." These could be contained "by the adroit and vigilant application of counter-force at a series of constantly shifting geographical and political points, corresponding to the shifts and maneuvers of Soviet policy, but which cannot be

¹² Much of this background is taken from John C. Donovan, The Cold Warriors; D.C. Heath & Co., Lexington, Mass., Toronto, and London; 1974.

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...ward be linked out of...

However, in Kennan's view, in that of former Secretary of State Dean Acheson,¹⁴ he was not the author of a containment policy or doctrine; he merely described what was happening. That he did it well, in a way that met the approval of a number of key policymakers of the time is obvious, but it was continued Soviet intransigence in pursuing openly aggressive policies that led to the U.S. reaction to the North Korean invasion in 1950, and the Korean War in turn institutionalized¹⁵ a set of operational premises along these lines:

A. The Soviet Union would resort to military expansionism if it were not checked by visible countervailing military power;

B. Local imbalances of military power which favored the Soviets or a Soviet satellite would lead to further "Koreas";

C. The most appetizing local imbalance to the Soviets was in Central Europe;

D. The global balance of power would shift in favor of the Soviets if they were able to swallow the rest of Central Europe, i.e., West Germany and Austria; only the Greco-Turkish flanks had such a critical function for the balance of power (Japan was next most critical);

E. Local imbalances in secondary and tertiary areas must not be neglected; the capability and clearly communicated will to defend whatever areas the Communists chose to attack was necessary to prevent them from picking and choosing easy targets for blackmail and aggression. A number of small territorial grabs could add up to a critical alteration of the global balance, and our failure to defend one area would demoralize nationals in other such localities in their will to resist the Communists.

It was against this background of U.S. policy and planning that the status of Iran in late 1952 was considered, and although Dwight D.

¹³ In later years, writing in his Memoirs--1925-50, Kennan said that the X article's most serious defect was "the failure to make clear that what I was talking about when I mentioned the containment of Soviet power was not the containment by military means of a military threat but the political containment of a political threat." Whatever such hindsight is worth, Kennan's words were generally taken to mean political and military containment on a universal scale.

¹⁴ In "Three Comments on the 'X' Article," by W. Averell Harriman, Arthur Krock, and Dean Acheson, Foreign Policy, No. 7, Summer 1972.

¹⁵ In the view of Seymour Brown in The Faces of Power: Constancy and Change in U.S. Foreign Policy from Truman to Johnson; Columbia University Press; New York & London.

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Truman selected Truman as Secretary of State in January 1953 and John Foster Dulles became his Secretary of State with the expressed intention to go beyond containment toward "liberation." U.S. policy in Iran continued to stress the need to contain Soviet power there as elsewhere.

The U.S. involvement in Iran's oil problems was admittedly reluctant; we had backed the Iranian government in 1947 when it resisted the oil concession the Russians were seeking to arrange in the north. Our statements at that time probably did much to encourage the Iranian ^{as} move to challenge the British concession as well, and that challenge grew into a bitter dispute, the United States found itself caught in the middle of an argument between its chief European ally and an underdeveloped Middle Eastern country to which it was providing military and economic aid. As a result, the U.S. role became not so much one of mediator but rather as an honest broker attempting to bring two clients into an agreement for their mutual benefit. Truman's Secretary of State, Dean Acheson, had proposed¹⁶ in July 1951 that the President send Averell Harriman, his foreign policy adviser, to Tehran to reopen negotiations. Despite violent anti-American rioting by Tudeh the day he arrived, Harriman did get the two sides talking again, but to little avail. When the British brought the case before the Security Council in October 1951, Mosadeq argued Iran's position before the Council; afterward, he visited Washington and met with Truman and Acheson, but their talks came no closer to reaching a basis for settlement.

¹⁶ As recounted in Acheson's story of his years at State, Present at the Creation, W.W. Norton & Co.; New York; 1969; pp. 499-511 and 630-635.

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With the British out, the United States continued to look for solutions, and proposals involving both the International Bank for Reconstruction and Development and the American oil industry were put forth, without success. By the end of 1951 the Conservatives, under Churchill, were back in power in Britain and less willing than Labor to be frustrated by Iran, and Mosadeq's position, increasingly dependent on Tudeh support, grew more precarious.

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Oil in Persia

Exploration and Production, 1872-1913

In 1872, the then Shah of Persia, Nasser ad-Din, in return for much-needed cash, gave to Baron Paul Julius de Reuter, a concession to exploit all his country's minerals (except for gold, silver, and precious stones), all its forests and uncultivated land, and all canals and irrigation works, as well as a monopoly to construct railways and tramways. Although the resulting uproar, ~~especially~~ from neighboring Russia, caused this sweeping concession to be cancelled, de Reuter, who was a German Jew with British citizenship, persisted and by 1889 regained two parts of his original concession--the operation of a bank and the working of Persia's mines. Under the latter grant, de Reuter's men explored for oil without great success, and the concession expired in 1899, the year the Baron died. Persian oil rights then passed to a British speculator, William Knox D'Arcy, whose first fortune had been made in Australian gold mines. The purchase price of the concession was about 50,000 pounds, and in 1903 the enterprise began to sell shares in "The First Exploitation Company." Exploratory drilling proceeded, and by 1904, two producing wells were in. Shortly thereafter, ^{British} interest in oil was sharply stimulated by the efforts of Admiral Sir John Fisher, First Lord of the Admiralty, to convert the Royal Navy from burning coal to oil. As a result, the Burmah Oil Company sought to become involved in Persian oil and, joining with D'Arcy and Lord Strathcona, formed the new Concessions Syndicate, Ltd., which endured until 1907 when Burmah Oil bought D'Arcy out for 200,000 pounds cash and 900,000 pounds in shares. Burmah's first gusher came in a ^t 1,130 feet in May 1903, near Masjid Soleyman, and a year later, after some complicated financial

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 meetings in London, the Anglo-Persian Oil Company (APOC) was formed, incorporating the shares and rights of the earlier concessions. The company chose Abadan as the site of its refinery and made local ^{physical} arrangements for its security with both the Shiekh of Muhammara and the Bakhtiari tribal khans; the former was paid an annual rental and was promised continued autonomy from Tehran, while the latter were to receive 3% of net oil revenues (to be paid out of the Persian government's share of 16%).

When Winston Churchill became First Lord of the Admiralty in 1911, his persistent prodding changed the Royal Navy over to oil. To ensure a source of cheap oil, the British government became a major ^(51%) shareholder in the APOC in 1914, adding 2 million pounds in capitalization and signing a 30-year contract for fuel oil at cut rates (Churchill wrote in 1923 that this contract had saved Britain no less than \$7.5 million on its wartime oil purchases).

Differences as to how profits were to be shared between the Persian government and the APOC began after ^{World War I} ~~the war~~. The company claimed that Persia's share of the profits applied to the earnings of the three subsidiaries actually operating in Persia (based on Article I of the D'Arcy concession, which defined its limits as "throughout the whole extent of the country"). Persia claimed it was entitled to a share of the profits from all operations, including extracting, producing, refining, and marketing its oil, wherever these operations might take place. There were also problems over British claims for wartime damage to pipelines by Bakhtiaris incited by German and Turkish agents. The British attempt to negotiate a settlement calling for new profit-sharing arrangements fell through in 1920, and the relationship tottered along under the old agreement until 1933.

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In 1921, Reza Khan, a colonel in the Persian army, seized power by deposing the government of the last Qajar Shah. He visited Abadan after becoming Shah himself in 1925, and his account of the trip gave warnings of things to come. He noted that of the 29,000 employees in the oilfields and refinery, 6,000 were foreigners, and he expressed concern that so few Persians were being trained for higher level posts. He also saw that the British staff enjoyed an obviously higher standard of living than the others, and that while the refinery area appeared prosperous, the surrounding districts had not felt any positive impact from this major industry in their area. Finally, he was disturbed by a manager's description of cutting down production in order not to upset world markets--but at a loss to Persia.

So, Persian dissatisfaction continued to build up until November 1932, when the government notified the company that the 1901 concession, signed under the Qajar regime, was annulled and a new concession would be granted on the basis of equity and justice. This new concession was not easily arrived at--the British government referred the annulment to the League of Nations, whose Council sent Dr. Eduard Beneš of Czechoslovakia to reconcile the two sides. Two legal points were thus established that were to affect the later dispute in 1951: the right to annul the concession was recognized, and the League accepted the viewpoint of the British that such a case could be brought to the Council under Article 15 of the Covenant (which provided for a hearing on disputes between members that were likely to lead to a rupture in diplomatic relations and for the solution of which no legal recourse existed). The two parties finally worked out a new concession agreed but that was ratified by the Majlis (the lower house of the Persian

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(...ent) and signed by Reza ... By its terms of the concession to 1993 and ... a royalty ... By its terms Persia would receive 4 shillings on every ton of oil sold in Persia or exported, plus 20% of the dividends over \$671,250 distributed to shareholders, with a minimum dividend of \$750,000 per year. To avoid Persian taxation, the company agreed to pay a small additional royalty on tonnage, and it would continue to pay British taxes out of gross profits.

It was the oil business as usual until the summer of 1941 when Germany invaded the Soviet Union. Because German influence in Iran (as Persia was renamed in 1935 by Reza Shah) had grown significantly and because the country was the best route for Allied supplies going to the beleaguered Soviets, the Allies determined to send in occupation forces. In August Russian troops took over the five northern provinces, British forces went into the south, and the area around Tehran was neutralized. Following three days of futile and desultory resistance, the ^{Iranian army collapsed and the} Shah abdicated in favor of his young son, Mohammad Reza Pahlavi; ^{thus} Iran was an occupied country until 1946. Abadan continued to produce petroleum products for the Allies, but the Soviets took advantage of the situation and attempted to obtain an oil concession in the north. In late 1944, the Soviets were advised by Premier Sa'ed that the cabinet had ruled out the granting of further concessions until after the war. When pressure was applied through the leftwing parties, Sa'ed resigned, at which point the Majlis passed a bill introduced by Dr. Mohammad Mosadeq forbidding any discussion of or signing agreements for an oil concession with any foreign representatives. The bill passed, despite Communist opposition, thereby blocking a Russian concession, but in the course of the debate the possibility of revoking the

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in April 1945 signed an agreement with the British oil companies in northern Iran. The Majlis refused to ratify the concession, and in the bill rejecting it, the legislators declared that it was forbidden to grant any concession to export oil to foreigners; further, they instructed the government to look into possible violation of the rights of the people in connection with the southern oil concession held by the AIOC.

With the wartime occupation over, the British oil managers began to have labor troubles. The 1946 general strike was settled with a pay raise, but this was only the start. In 1947 the Iranian Ministry of Finance sent a delegation to London to discuss money due the Iranian government, various employee grievances, reduction of foreign staff, expansion of local distribution facilities, and the AIOC policy of concentrating refining activities outside Iran. To these complaints, the company, obviously feeling secure in the legality of its concession, was relatively unresponsive.

Iranian

The law of 22 October 1947 instructed the government to open discussions with the AIOC to secure the nation's rights to its oil resources. These "discussions" started more than 5 years of bargaining and debating, proposal and counterproposal, charge and countercharge, until they eventually reached the Security Council of the United Nations. The Iranians led off in August 1948 with a 50-page memorandum that listed 25 points that were to be discussed with the company in implementing the 1947 law. The main items on this list included British taxation of Iran's share of oil profits, Iran's ultimate rights to AIOC installations outside the country at the end of the concession (it had already been promised these in Iran), reduction in the number of foreign employees, the ^{terming} ^{duration} of the concession (by 1993),

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 ... included felt, etc., and ...
 royalty basis, and tax and ...
 representatives began the fall of 1948, continuing intermittently
 thereafter. Shortly before the 16 January 1949 attempt by a Tudeh Party
 member to assassinate the Shah at Tehran University, Premier Sa'ed identi-
 fied higher profits and Iranian employees as his main goals in these
 discussions; he pointed out that Iran's oil royalties for 1947 were just
 over \$7 million, whereas the AIOC had paid some \$15 million in
 British income taxes. Specifically, Iran wanted control of the company's
 operations as well as a 50-50 split of the net profits. On 5 May 1949,
 AIOC chairman Sir William Fraser came to Tehran with a draft of the
 "Supplemental Agreement," and this draft was basically the agreement signed
 by the government and company on 17 July. The royalty payment was increased
 from 4 to 6 shillings per ton, and Iran was to get 20% of the distributed
 profits (with a minimum of \$2.5 million) and general reserve, terms
 well short of the 50-50 sharing Iran wanted and which ^{the American executives of} ~~Iranaco~~ were
 in the process of agreeing to give Saudi Arabia. The agreement was sent to the
 Majlis on 19 July, and debate began on 23 July, lasting 4 days before the
 15th Majlis formally went out of existence. The oil agreement bill as well
 as the new election bill were left over to the next Majlis.

Elections for the 16th Majlis began in the fall of 1949 and were
 finally completed in March 1950, with Dr. Mosadeq and his eight ^{National Front} followers
 leading in the balloting in Tehran. Ali Mansur became Premier, and in June
 the oil agreement was turned over ^{for study} to the 13-man special oil commission that
 included Mosadeq and five other members of the National Front. Six days
 later, the Shah dismissed Mansur and appointed General Ali Razmara, former
 Chief of Staff, as Premier. The commission reported back to the Majlis in

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 and that it was opposed to it. The Minister of Finance then withdrew the agreement, announcing that negotiations for increased royalties would be reopened with the AIOC.

1951
 In February, the AIOC offered Iran an agreement similar to Aramco's, including the 50-50 profit sharing, but it was too late; the National Front was intent on nationalizing oil and it dominated the Majlis. The oil commission indicated it, too, favored that course, despite the report from the experts appointed by Razmara to study the feasibility of nationalization. The experts had pointed out Iran's lack of technical and financial expertise, plus the facts that the concession could not legally be cancelled, that Iran would be liable for up to \$500 million in compensation, that heavy losses in foreign exchange and prestige would result, and that it would be unwise to antagonize Britain. On 7 March General Razmara was shot and killed by a member of Fada'yan Islam, a rightist terrorist group, and Hossein Ala succeeded him as premier.

When the Majlis in mid-March unanimously accepted the principle of nationalization, the British Foreign Office notified the Premier that an act of nationalization would not legally terminate the oil company's operations. Shortly thereafter, strikes broke out in the south as a result of the company's cutting a hardship allowance for Iranian workers in certain areas plus other grievances. Martial law was declared on 26 March, and in early April rioting began in Abadan that did not end until troops fired into the crowd; 6 were killed and 30 wounded, and two British oil workers and a sailor were also killed.

As members of the National Front were presenting their draft of an oil nationalization law to the special oil committee, Premier Ala resigned.

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The British approved the law. The Shah the appointment of the British Secretary; the British followed suit. The Shah acceded, appointing Reza on 29 April; two days later he signed the nine-point law that in broad terms ordered the government takeover from the AIOC. The company's response was to hold up the May monthly advance payment of \$2 million and to ask that entire oil problem be submitted to arbitration, a request that Iran did not acknowledge. On 25 May the British government brought the matter before the International Court of Justice, the same day it despatched the 16th Independent Parachute Brigade Group to Cyprus; two Royal Navy cruisers and three frigates were already in the Persian Gulf area. In addition to the ^{British} government's request, the AIOC asked the ICJ to appoint an arbitrator, as provided in the 1933 concession agreement. The Iranian view of these appeals to The Hague was simple: Iran did not recognize the competence of the court to deal with the matter, which concerned Iran's internal affairs.

The United States became seriously involved in these discussions for the first time in mid-May 1951. A State Department statement of 19 May urged both sides to try to find an agreeable compromise solution; it noted that the United States recognized the sovereign right of Iran to control its resources and industries but said that the technical knowledge, capital, and transport and marketing facilities were all controlled by the AIOC. It further stated that U.S. oil companies had indicated that they would not, in the face of unilateral Iranian action against the AIOC, be willing to undertake operations in Iran or provide technicians to work there. The note pleased neither Iran nor Britain, which was the object of U.S. pressure to accept the nationalization concept and work toward a compromise. At President Truman's urging, conveyed through Ambassador Grady in Tehran and

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by letters to the Minister of
 signed to send a reply, then on

the British
 I agreed to accept it.

Talks got underway on 14 June, with the Iranians demanding that the AIOC hand over 75% of net oil revenues since 20 March and put the other 25% into a bank, presumably to be eventually paid ^{back} as compensation. The British, 5 days later, ^{had} proposed that a new company be established by the AIOC to operate the oil industry on behalf of Iran; the profit split would be 50-50. No compromise between these two points of view appeared possible, and on 21 June the British went back to the ICJ with a request for an injunction to halt the nationalization process until the court had ruled on the original U.S. application. Since Iran had already refused to recognize the court's jurisdiction, it was not represented when the court issued an order to maintain the status quo as of 1 May 1951, with a Board of Supervision consisting of two Iranians, two Britons, and one individual of another nationality empowered to run the industry.

Iran ignored this order and prepared to move the managers of the National Iranian Oil Company (NIOC) into Abadan, while the AIOC began to slow down the output of the refinery and prepare for evacuation. Export of oil stopped, and in the face of an antisabotage law introduced in the Majlis, the British staff resigned. Mosadeq wrote to President Truman on 27 June, complaining about the British attitude and the actions of the British technicians, whom he wished to retain as contract employees to run the oil industry. Truman's reply on 9 July stressed the U.S. desire for a peaceful settlement and urged Mosadeq to go along with the ICJ order; he also offered to send his foreign policy adviser, Averell Harriman, to Iran to help work out a solution. Mosadeq agreed to accept

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...consistent with the national law. ... arrived in Tehran on 15 July was hardly auspicious; in the course of a massive demonstration against the United States, lynch mobs fought with the National Front and other elements; the police and then the army intervened, and 15 people were killed, over 200 wounded (the Minister of Interior, General Zehedi, resigned as a result of the criticism he received over the handling of the demonstration).

Seeking to find some common ground for agreement, Harriman persuaded Mosaddeq to enter into further discussions on how to implement the law, contingent on the British accepting the principle of nationalization. He flew to London to arrange for a new British mission to Iran but found the Labor cabinet insistent on an improvement in conditions in the oil area, including "an end to provocation of British staff." Compromise versions of the messages between the two governments were worked out by Harriman, and Prime Minister Atlee and Foreign Secretary Morrison agreed to send Richard Stokes, Lord Privy Seal, as the head of a high-level delegation to Tehran. Stokes' proposal, after preliminary meetings with the AIOC staff in Abadan, was very similar to the earlier British suggestion that an AIOC purchasing organization, with Iranian representation, handle the marketing of the oil as a monopoly, with profits evenly divided. Iran, of course, would not give up the idea of nationalization and said it would discuss only three points--the purchase of oil for British needs, AIOC claims for compensation, and conditions required for continued employment of British technicians. At a private meeting of Harriman, Mosaddeq, and Stokes, the latter suggested that a British general manager be appointed, to act under direction of the AIOC. The Iranians would not

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except this, the British government received a number of reports from countries "with a special interest" in Iran. Stokes would not even discuss this point and returned to London on 23 August 1951. U.S. Ambassador Grady was replaced in Tehran on 11 September by Ambassador Lay Henderson, and Mosadeq was advised by Harrison from Washington that his proposals were not workable since they did not conform to the practical and commercial aspects of the international oil industry. Iran told the small British staff still in Abadan that it must leave the country within a week from 27 September, and on 4 October the last of the AIOC personnel duly left Iran.

In the meantime, the British government asked that the case be considered by the U.N. Security Council as a potential threat to world peace, and on 1 October the Council agreed to put the question of intervention on its agenda. Mosadeq flew to New York to present Iran's case. The Security Council listened to both sides, debated the British resolution from 15 to 19 October, and finally decided to adjourn the question until after the ICJ had ruled on its own jurisdiction. In the British general elections shortly thereafter, the Conservatives were returned to power, with Winston Churchill as Prime Minister and Anthony Eden as Foreign Secretary; in a speech in Commons, Eden declared there were three elements that would be involved in a satisfactory solution to the problem--first, the Iranian economy depended on efficient operation of the oil industry; second, the benefits must be shared between Iran and the developers of the oil resources; and finally, fair compensation must be paid for the act of nationalization.

The ICJ met on 9 June 1952, and the legal arguments eventually were reduced to the interpretation of the Iranian declaration of 2 October 1950

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recognizing the jurisdiction of the International Court of Justice (predecessor to the International Court of Justice) "arising from the ratification of the present declaration with regard to situations or fact relating directly or indirectly to the application of treaties or conventions subsequent to the ratification of this declaration." The legal points at issue were whether the dispute related to a treaty or convention and, if so, was it a treaty or convention covered by the declaration? The court finally ruled that the word "subsequent" referred to "treaties" and not "situations" and that since the oil concession was not a treaty, it did not have jurisdiction. The British thus lost their ICJ case and with it their chance to have the Security Council pass on their resolution.

The matter nonetheless remained at an impasse. While the nations involved waited nearly 9 months for the ICJ ruling, other compromise solutions were sought. In November 1951, officials of the International Bank for Reconstruction and Development (IBRD) proposed that the bank finance, as trustee, the production and refining of Iran's oil and then sell it to the AIOC at current Persian Gulf oil prices, Iran to receive payment at these prices, less an agreed discount which would go to the AIOC. The British were willing to go along with this if AIOC technicians would be employed, but Iran would not agree to either the technicians or the discount. The IBRD tried again, proposing a neutral board of management responsible to the bank which would arrange a bulk export contract for the sale of oil through established distribution channels; the profits would be divided three ways--one share to Iran, one to the bulk purchaser, and one to be held in reserve by the bank. However, on the question of non-Iranian management, the use of British technicians, and the selling price of the oil, the negotiations ultimately broke down. The IBRD

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Iran returned to New York in 1952. In 1952, the United States and Britain, President Truman notified the United States would not give Iran a loan of \$120 million at a time when the country had an opportunity to get "adequate revenue" from its oil resources; he thus none too subtly pressed Mosadeq to settle the oil dispute.

Relations between the Iranian and British governments deteriorated steadily. Iran attempted to sell the oil stored in the tanks at Abadan to Italian and Japanese firms; but AIOC action in the courts plus the cooperation of the international oil industry with the British limited the amounts of oil that could be delivered. In January 1952, Mosadeq had ordered all British consulates closed; he followed that by closing all foreign information and cultural centers in Iran. He made some attempt to reach agreement with the British on compensation, but his proposals included large offsetting amounts for unpaid royalties and other payments stopped by the cessation of oil production in 1951. When the British in October 1952 described his final proposals as "unreasonable and unacceptable," Mosadeq broke off diplomatic relations with the United Kingdom.

The premier in the meantime had scored internal political victories of his own. Re-elected by the new Majlis in July 1952, he asked for six months of emergency powers to rule by decree in order to deal with the critical economic situation. When the Shah refused, Mosadeq resigned, and Qavam was appointed in his place; the result was four days of rioting by both Tudeh and the National Front. Qavam ^{then} resigned, and on 23 July Mosadeq again became premier; his political ally and one of Tehran's best known religious figures, the mullah Ayatollah Kashani, was named Speaker of the Majlis, which then voted Mosadeq decree powers for one year. The Senate and the Shah concurred, and the stage was set for the anti-Shah

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political maneuvering of the Tudeh Party and its front groups, which had been in contact with the idea of pressuring the United States to come to Iran's aid. Implied threats to turn to the Communists were contained in a Mosadeq letter of 23 May 1953 to President Eisenhower requesting a large loan, and the Eisenhower reply, as a matter of policy, was cold in its rejection of this threat and its accompanying bid for help. Eisenhower's letter concluded:

I fully understand that the Government of Iran must determine for itself which foreign and domestic policies are likely to be most advantageous to Iran and the Iranian people. In what I have written, I am not trying to advise the Iranian Government on its best interests. I am merely trying to explain why, in the circumstances, the Government of the United States is not presently in a position to extend more aid to Iran or to purchase Iranian oil.

In case Iran should so desire, the United States Government hopes to be able to continue to extend technical assistance and military aid on a basis comparable to that given during the past year. I note the concern reflected in your letter at the present dangerous situation in Iran and sincerely hope that before it is too late the Government of Iran will take such steps as are in its power to prevent a further deterioration of that situation.

Following the August 1953 coup that overthrew Mosadeq, the oil dispute was settled along the lines that had been proposed to Mosadeq-- the oil industry was nationalized, but its operations were directed by a group of foreign oil companies. The details of this arrangement were worked out by a series of conferences, but Herbert Hoover Jr., as special oil adviser to the Secretary of State, had an important role in convincing the Iranians of the wisdom of dealing with a "consortium." Between Hoover's initial visit to Tehran in October 1953 and the announcement of a new agreement in August 1954, Britain and Iran resumed diplomatic relations. Under the terms of the agreement, the National Iranian Oil Company delegated basic operations in 100,000 square miles of southwestern Iran to an international consortium known as Iranian Oil Participants, Ltd., until

* See attached map of

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1928, with acquisition of control by the British Petroleum Company, Ltd. (BP), which owned 50% of the AIOC, and 50% by the French Compagnie des Petroles (CFP), and U.S. oil companies 40% (1/3 each to Standard Oil Company of New Jersey, Standard Oil Company of California, Secony Mobil Oil Company, The Texas Company, and Gulf Oil Corporation, and 5% to Iricon Agency, Ltd., comprised of nine small U.S. oil companies). Since 1959 the AIOC has carried out a number of operations of its own, and, after the passage of a new oil law in 1957, has allowed Italian, U.S., and Canadian companies to explore for oil and conduct operations outside the consortium's territory. The consortium has produced 90% of Iran's oil, however, and the rate of production has been the highest in the world, increasing at an annual rate of almost 14% in the 1960's and reaching 1.7 million barrels in 1971, which was 10% of world output and second largest production in the Middle East. Price increases levied by Iran and other Persian Gulf members of the Organization of Petroleum Exporting Companies in 1971 and 1972 resulted in an estimated \$14 billion for those years, and the Middle East oil crisis of late 1973 raised prices even higher. Iran is currently very concerned about its estimated reserves, which at current rates of extraction may barely last until 1994. Oil accounts for 23% of Iran's GNP, including some 35% of its foreign exchange earnings and 60% of its budgetary revenues.

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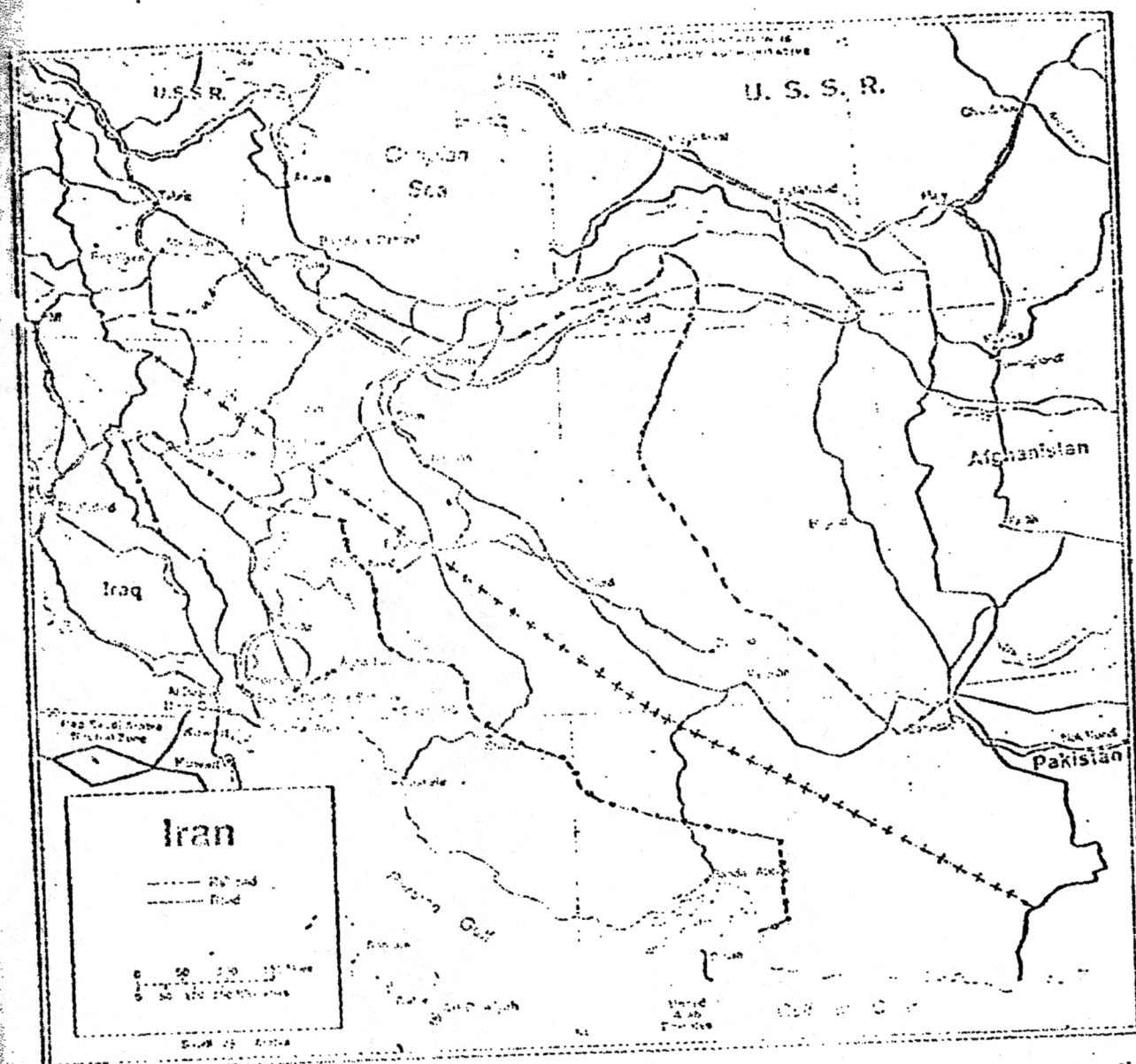
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Oil Concession Boundaries

APCC concession, 1901 -
APCC concession, 1903 -
Consortium concession, 1904 -

The bare bones of the life of the man who was President of Iran from 23 April 1951 to 19 August 1953

He was born about 1381 (1873 or 1879 are probably more accurate dates, but 1381 was always given as his official birth year because of the restrictions on the ^{maximum} age of Majlis deputies) in Tehran, his mother ^Ybeing a member of the ruling Qajar dynasty and his father the Minister of Finance for some 30 years.

His family background was thus the elite, wealthy, landowning class. His secondary education barely complete, Hosodaq was sent to Kherasan as the Shah's financial agent while barely out of his middle teens.

In 1906, forced into exile because of his role in the Constitutional Revolution that year, he went to Europe to study law at Paris, Liege, and Neuchatel, earning his LL.D. from the last institution in 1914.

Returning to Iran, he was elected to the Majlis in 1915, serving on its financial committee. As Under Secretary of Finance in 1917, he resigned after only a few months in office because he was prevented from carrying out reforms in the notoriously padded payroll system. He became governor of Fars Province in 1921, but his criticism of Reza Shah led to arrest in 1930 and exile to the villages. He was again arrested in 1941 but was released in the general political amnesty after Reza Shah's abdication.

Mosadegh was again elected to the Majlis in 1944, where in 1947 he organized the National Front, a small, tightly knit, and highly influential group.

As a member of the oil commission, he gained in influence not only in the Rajlis but among the people, and his April 1951 appointment as Premier was at the Rajlist request. From then until his removal from office in August 1953, he concentrated his efforts on expediting the British-owned

that he try to defend of ...
 ... stopped short of ...
 ... in prison in a post-amp ... he was eventually pardoned by the
 Shah in August 1956, but he was forced to remain in his village of
 Abadabad under virtual house arrest for the 11 years until his death
 in March 1967. He had suffered from cancer of the jaw and finally
 succumbed to internal bleeding after two operations in Tehran.

The above facts ... often bizarre
 ... do little to explain his behavior as a
 politician, but
 ... most of his actions, even his most emotional and
 apparently irrational ones, were probably well calculated. The popular
 world image of him as an unbridled old man, given to hysterical weeping
 and fainting spells, served his own purposes and gave him tremendous
 leverage among his people. He used the accepted belief that he was
 ill and weak to avoid things or people he did not want to face, and
 his apparent physical debility added to the drama of his personality,
 which in public speeches was capable of moving ^{even} his opponents.

Mosadeq's power rose from his consummate ability to appeal to
 national aspirations and emotions. By attempting to deal with a heated
 political problem in logical, rational terms based on economic facts,
 the British were unable to achieve anything in the oil dispute but to
 unify the people of Iran. Reza Shah had held power for 20 years by
 appeal^{ing} to latent Iranian nationalism; Mosadeq used this awakened nationalism
 and the desire for independence to keep himself in power and to defy
 Britain. His speeches and programs appealed to social discontent,
 xenophobia, religious fanaticism, and national pride in past glories.
 His enormous gamble on the oil issue, based on his belief that Britain

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of the Chief of Staff, would have been a disaster, for his anti-British, anti-Islamic fanaticism. He was a member of the National Front, a party which his nine-man National Front opposed every government in power, whether under Sa'ed, Mansur, Reza, or Ali--and then, once Premier, his single plank was opposition to the British over the oil question.

Mosadeq was antagonistic to the Shah for many reasons: his mother was a Qajar, whose family was overthrown by the Shah's father, the same man that had exiled and then imprisoned him; in addition, he had long believed in constitutional reform to reduce the power of the monarchy. He opposed the army because it had brought Reza Shah to power and was the main source of support for Mohammed Reza Shah; by retiring senior officers and putting in his own Chief of Staff, the young, French-trained Brig. Gen. Taji Riahi, he had obtained a degree of control over the army. But, by so doing, he set the stage for the officer corps to turn against him. His own extreme nationalism, fantasies of omnipotence, and lack of conscience--in manipulating Tudeh, at the risk of it getting out of control as it did in the streets of Tehran on 13 August, were the seeds of his own eventual downfall. But he was a most unusual man, one whose character caught the world's fancy, even as he drove his countrymen toward disaster. At any time in 1951 or 1952 he could have had the same compromise through which his successors gained a nationalized oil industry efficiently run by foreign experts to give Iran the revenue that financed the Shah's White Revolution. He chose to gamble on total victory over Britain, the United States, and the international oil industry--and he lost.

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Born in 1877 in Herat, Afghanistan, he studied at the Military School in Tehran and served during the period of World War I and the postwar period under Reza Khan, then a colonel in the Cossack Brigade*. As a combat officer, he was decorated for action against assorted bandits and insurgents, including rebellious Kurds, Persians, and Turkomans. He had become a division commander by 1942, after service as head of the Gendarmerie and the Tehran Police, but he was arrested by the British that year for pro-German activity (his name was found in the papers of Franz Mayer, a principal Nazi agent in Tehran, as an officer who would protect German agents) and deported to Palestine, where he was held until 1945. Despite his arrest and subsequent three years in a detention camp, he did not become fanatically anti-British as did many xenophobic Iranians. Returning to Tehran after the war in 1945, he was given command of the Fars Division and promoted to major general. In 1948, as Inspector General of the army, he was severely injured in a tank accident, losing four ribs, and after 7 months of medical treatment in Germany, some of it by U.S. Army doctors, he was retired in May 1949. The Shah made him his honorary adjutant, and in November 1949 appointed him Director General of the Tehran Police. In April 1951 Zahedi became Minister of Interior in the Ala cabinet and was retained in that post by Mosadeq when he became Premier. He resigned in August 1951, following

* There was a Cossack Brigade in the Persian Army solely because Nasr-ed-Din Shah visited Russia in 1879 and was provided with a Cossack escort by the Czar. The Shah was so impressed by the Cossacks that he asked the Czar to send him Russian officers to organize such a unit in his own army. The Brigade retained Russian senior officers and noncoms until 1920, and as long as it was in existence, it was the best trained and most professional unit in the army.

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the military. Plans to take
 hand and the army had to be... to fire on them, with the result
 that many died and hundreds were... on both sides. He was a prime
 suspect of the Mosadeq government as a potential coup leader and was
 briefly arrested in February 1953.

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ARDESHIR ZAHEDI

Born in December 1927, General Zahedi's son, Ardeshir, was educated at the American University in Beirut and at Utah State University where he earned a BS degree in 1950. Because of his training and language ability, he served with the Rural Improvement Commission which was administering U.S. technical assistance until he was forced to resign in 1952 by Mosadeq. During the planning and operational phases of the coup, he acted as the communications channel to his father and performed very well under difficult circumstances. He was married for a time to the Shah's daughter by Queen Fawzia and has never remarried since his divorce. He has retained the Shah's favor and, in fact, introduced the Shah to Farah in May 1959, the girl who later became Queen and mother of the Shah's sons. Ardeshir was the Iranian Ambassador to the United States in 1960-62 and returned again in April 1973 to the post. In the interim, he was Ambassador to the United Kingdom, 1962-67, and Minister of Foreign Affairs, 1967-71.

MAJ. GEN. NAZR BATMANGELICH

General Batmangélich (also spelled Batmanqilich or Batmangelij) was born in Isfahan about 1905 and educated in Germany, the Iranian Military School, and the German Staff College. He fought in the Luristan and Fars tribal campaigns and was inter... by the Allies from August 1943

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to June 1946. He visited the United States on a fact-finding mission in 1950 and was put on the retired list in 1952 by Maj. Gen. Nasser Chief of Staff of the Army immediately after the 1953 coup, he retained that post despite friction with Premier Zohedi until December 1955 when he was made Ambassador to Pakistan to ease him out of the army command. Clashes with General Hedayet, Chief of the new Supreme Staff, were the probably cause of his reassignment. He then became Ambassador to Iraq in January 1957, was Minister of Interior in 1958-59, and became Adjutant to the Shah in 1959.

After serving as Governor of Khorasan, 1965-68, he retired to private life. He had served as Permanent Iranian Delegate to the CENTO Military Committee before retiring from the army 1965.

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MOHAMMAD REZA SHAH Pahlavi

Mohammad Reza Shah Pahlavi was born in 1919 at the age of 12 following his father's abdication, Iran was occupied by foreign troops--Soviet, British, and American--and its army was demoralized. He had no solid power base and no political machine, and as a result he spent the first 10 years of his reign in conflict with the traditional political power structure bent on regaining the influence it had lost to Reza Shah. The military coup that ousted Mosadeq in August 1953 was thus a major milestone in the Shah's political life.

Mohammad Reza was born on 26 October 1919; he studied 6 years as a cadet at the Military School of Tehran and then went to Switzerland in 1931 for his secondary education. Returning in 1936, he attended the Iranian Military College, from which he graduated 2 years later as a second lieutenant. His first marriage, in 1939, was to Princess Fawzia of Egypt, sister of King Farug, and a daughter, Shapaz, was the only child of this marriage. Divorcing Fawzia, he married Sorya Esfandiari, a half-German, half-Bakhtiari beauty to whom he was very devoted, but the marriage was childless and the throne needed an heir. After the inevitable divorce, he married Farah Diba in 1959, and Crown Prince Reza was born in 1960, followed by two daughters and Prince Ali Reza, securing the succession of the Pahlavi line.

Although various sources criticized the young Shah as suspicious and indecisive to the point of permanent instability, others saw his strengths. An OSS report in 1943 said:

Mohammad Shah is a man of much stronger purpose than is generally realized. He stands almost alone, distrusts most advisers, is honest in his efforts to secure a democratic form of government for Iran. He is not easily influenced and cannot

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to the military, and the military is half the nation's expenditure. Yet, of course, the army is almost his only backing in Iran.

In 1961, also on the positive side, the U.S. Embassy in Tehran

noted:

It is important to observe that the Shah, in ten years of political wavering, has never turned against the intellectual interests, sports, and hobbies which he learned from European sources. His mind remains alert and his principles, although often betrayed, retain great similarity to Christian ethics and philosophy. The tragedy in the conflict of this healthy intellect against the vicious Persian scene carries some triumph since the Shah, so far, has not become corrupted.

The Shah took the successful coup of 1953 as a popular mandate to seize control of his country from the political factions and the ambitious generals; he has never since allowed them to threaten his position or his program. His hasty flight to Baghdad and Rome was either forgiven or forgotten in the triumph of the moment, and although General Zahedi was often angered by the Shah's vacillation and lack of decisiveness, those very characteristics enabled him to frustrate the volatile Zahedi and eventually bring about his resignation and voluntary exile. Given confidence by the popular support he saw during the coup, he pressed ahead to consolidate his power, carefully controlling political activity, which he has said can be permitted to function freely only after economic and social development have taught the people to act responsibly. His reforms launched in 1962 as the "White Revolution" have accomplished much; without the power and prestige of the throne coupled with the Shah's authoritarianism and determination, the reforms and development probably could not have taken place.

The rapid escalation of oil prices in 1973-74 has enhanced the Shah's prestige as spokesman for the more extreme oil-producing countries, and he

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that must be achieved, if only by the pressure of cost. The attention
has clearly made the Shah a man whom the world listens to, and he
has made the most of it.

[REDACTED]

The world of journalism--ever on the alert for the mote in somebody else's eye--found long ago that the Central Intelligence Agency made great copy. Proceeding on the theory that their readers will believe anything dealing with "spies," "agents," and "the secret world of espionage," a number of writers have told what they insist is the inside story of the CIA involvement in Iran in 1953. A sampling of these is included here, without extensive comment.

[REDACTED]

Andrew Tully, for example, in 'CIA--The Inside Story devotes Chapter 7, "King-Making in Iran" to a version of [REDACTED] most notable for the purple of its flamboyant prose. Some significant passages are:

It was in 1953, of course, that the CIA stage-managed the overthrow of Premier Mohammed Mossadegh, that celebrated compulsive weeper, who had seized Britain's monopolistic oil company and was threatening to do business with the Kremlin. At the time CIA's coup was hailed as a blow for democracy, which it was. But after disposing of Mossadegh, CIA and the State Department reverted once again to a weakness that so often has been disastrous. In the setting up of the new regime, in which CIA took a major part, no consideration was given as to whether the new men had any

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intention of attempting to relieve the misery of the Iranian people. It was enough for the United States that they were anti-Communist.

When Mossadegh announced the expropriation of Anglo-Iranian Oil and nationalization of Iran's oil fields, the international uproar was thunderous. Mossadegh could not do that, and the Western bankers would prove it to him. Iranian oil was virtually boycotted. Mossadegh promptly tried to swing some deals with smaller, independent companies to work the Iranian fields, but the State Department gave these companies little encouragement - which is to say it told them "hands off." Meanwhile, Iran was losing its oil revenues and going broke. Even American financial aid was not enough although the State Department, with understandable reluctance, donated \$1,600,000 for a technical rural improvement program in 1951 and followed that with a foreign aid grant of \$23,000,000 in 1952. Most of the latter was used to make up Iran's foreign exchange shortages, but Iran remained financially unstable.

Meanwhile, CIA learned that Mossadegh was carrying on a clandestine flirtation with Iran's furtive Communist party, the Tudeh. Soviet intelligence agents flocked into the ancient capital of Teheran and the traffic jam between them and Allen Dulles' energetic young men was almost ludicrous. Almost daily, emissaries from the Soviet danced attendance on Mossadegh as he lolled recumbent on his couch, alternately dozing and weeping. Inevitably, the old dictator put it squarely up to President Eisenhower. In a letter received by the President on May 28, 1953, Mossadegh overplayed his hand - he attempted to blackmail the United States by warning that unless Iran got more American financial aid he would be forced to seek help elsewhere.

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elsewhere was the... plan, with which Mossadegh suggested... would conclude both an economic agreement... mutual defense pact.

Since Iran otherwise was broke, that meant Mossadegh would have to pledge the rich Iranian oil fields and the refinery at Abadan, the world's largest, in return for financial assistance from the Soviet. The danger to the West was clear. With Iran's oil assets in its pockets, the Russians would have little trouble eventually achieving a prime object of Russian foreign policy since the days of the Czars - access to a warm water outlet on the Persian Gulf, the free world's life line to the Far East. But even if Russia were to get just Iran's oil, the Western world would be weakened throughout the Middle East and Soviet prestige would soar. It was clear, too, of course, that Anglo-Iranian Oil had a stake of billions of dollars, and when private enterprise of that magnitude is involved State Departments and Foreign Offices are apt to react most sensitively.

The time had come for the United States to embark on an international gamble. CIA reports were that Mossadegh, although popular with the masses, had never been able to undermine the young Shah with his people. If something were to happen whereby the Shah was able to take over more firmly the reins of government, there was a good chance Mossadegh could be unseated. In any event, the Shah had a better than even chance of winning any popularity contest with Mossadegh.

So for a month the White House stalled Mossadegh, avoiding a direct reply in a welter of polite diplomatic notes seeking further discussions. Then President Eisenhower favored Mossadegh with a blunt reply: "No." Everybody agreed it was a calculated risk, a gamble that Mossadegh could be dealt with in such a fashion that he would be powerless to carry out his threat. The CIA forthwith set the wheels in motion for dealing with this tough old man.

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First, on August 15, 1953, the Shah fled to Europe to join his family for a "holiday" in the Swiss Alps. Although the political situation in Teheran was becoming more ominous, - Mossadeq was conferring daily with a Russian economic mission - United States Ambassador Loy Henderson decided he would like a vacation to Switzerland, too. Almost simultaneously, the Shah's sister, the pretty and tough-minded Princess Ashraf, marched into the royal palace and gave her brother the rough side of her tongue for his hesitancy in facing up to Mossadeq. Then she, too, flew off to Switzerland.

Certainly, the Russian espionage network must have surmised that something was cooking as Dulles, Henderson and Princess Ashraf turned up at the same Swiss resort. Their suspicions were strengthened when an old Middle Eastern hand named Brigadier General H. Norman Schwartzkopf suddenly was discovered in the midst of a leisurely flying vacation across the Middle East. He had been to Pakistan, Syria and Lebanon and, while the Russians fumed, he ultimately turned up in Iran.

The Reds had a right to be fearful, for Schwartzkopf had long been an anathema to the Kremlin. Americans remember him most vividly as the man who ran the Lindbergh kidnapping investigation in 1932, when he was head of the New Jersey State Police. But the world of international politics knew him better as the man who, from 1942 to 1948, had been in charge of reorganizing the Shah's national police force. In this job, Schwartzkopf spent little time tracking down ordinary criminals; he was kept busy protecting the government against its enemies, a job that required the setting up of an intelligence system to keep watch on various political cliques which might seek the Shah's overthrow.

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in the process of... Schwartzkopf turned up in Teheran in August he could explain with a straight face that he had come merely "to see old friends again." The Russians stopped and protested over his presence in Iran but Schwartzkopf went his casual way, dropping in to see the Shah one afternoon, spending the morning with General Zahedi, and renewing contacts with other old pals in the police and army.

And suddenly the Shah seemed to have located his courage and authority. On Thursday, August 13, the Shah handed down a ukase that sounded as if it had been written in collaboration by Schwartzkopf and Zahedi. Mossadehgh was ousted as Premier and his successor was to be General Zahedi. The Shah ordered the colonel of the Imperial Guards to serve the notice on Mossadehgh, and the wheels seemed to be turning.

But for some reason the colonel seemed seized by inaction. It was not until two days later, on midnight of August 15, that the colonel and a platoon of his troops showed up at Mossadehgh's residence. There they found themselves surrounded by an array of tanks and jeeps, manned by hard-faced Army veterans Mossadehgh had rounded up while the colonel vacillated.

The colonel, of course, was clapped into jail and Mossadehgh announced that a revolt against the rightful government of Iran had been crushed. He also had some unkind things to say about the youthful Shah, and Iran's king of kings and his queen took the hint and hopped a plane for Rome by way of the then royally safe country of Iraq.

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Schwartzkopf, I. told his men on the Iranian stage. He took order as a political paymaster for the Mossadegh-Must-Go clique. Certain Iranians started to get rich, and the word later was that in a period of a few days Schwartzkopf supervised the careful spending of more than ten million of CIA's dollars. Mossadegh suddenly lost a great many supporters.

The climax came on Wednesday, August 19, four days after Mossadegh had "crushed the revolt." The tense capital was filled with troops, mounted against a new uprising, but none of them looked very happy. There seemed no reason for alarm when a long and winding procession of performers appeared on the scene for one of these impromptu parades common in Teheran. In the procession were tumblers, weight-lifters, wrestlers, boxers -- all performing their specialties as they moved slowly along the streets. As usual, crowds flocked out into the streets to watch the show and to follow the parade.

Then, apparently, somebody gave a signal. The weird procession suddenly broke into an organized shouting mob. "Long Live the Shah!" they cried. "Death to Mossadegh." The crowd joined in the shouting, some of them undoubtedly keeping one hand tight against pockets where their American wages were secured. Soon the entire capital was in an uproar, and when the din was at its loudest troops who had remained loyal to the Shah launched their attack.

For more than nine hours the battle raged, with Mossadegh's troops fighting fiercely but gradually giving ground. Obviously, they were confused by the tactics and swift logistical maneuvers of the Shah's forces, who had been exposed to some American who knew the ropes. Anyway, by midnight Mossadegh's soldiers had been driven into a little ring around the Premier's palace and they were forced to surrender. Troops forcing their way into the palace captured Mossadegh as he lay weeping in his bed, clad in silk striped pajamas. Somebody telephoned Rome and the Shah and his queen packed again, to return to Teheran and install Zahedi as Premier.

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This was a coup by the security of the United States, and probably to that of the Western World. It was another case of the United States not requiring tough enough terms in return for its support. It is somber, as some observers have written, to say that the Iranians overthrew Mossadegh all by themselves. It was an American operation from beginning to end. But at the end, CIA -- and the American government -- stood by while a succession of pro-Western and anti-Communist administrations, uninterested in the smallest social reforms, brought Iran once again to the edge of bankruptcy. And, of course, the American taxpayer has contributed hundreds of millions of dollars to this corruption.

Then, David Wise and Thomas B. Ross in their "explosive bestseller" The Invisible Government provided yet another version, as follows:

1953: Iran

But guerrilla raids are small actions compared to an operation that changes a government. There is no doubt at all that the CIA organized and directed the 1953 coup that overthrew Premier Mohammed Mossadegh and kept Shah Mohammed Reza Pahlavi on his throne. But few Americans know that the coup that toppled the government of Iran was led by a CIA agent who was the grandson of President Theodore Roosevelt.

Kermit "Kim" Roosevelt, also a seventh cousin of President Franklin D. Roosevelt, is still known as "Mr. Iran" around the CIA for his spectacular operation in Teheran more than a decade ago. He later left the CIA and joined the Gulf Oil Corporation as "government relations" director in its Washington office. Gulf named him a vice-president in 1960.

One legend that grew up inside the CIA had it that Roosevelt, in the grand Rough Rider tradition, led the revolt against the weeping Mossadegh with a gun at the head of an Iranian tank commander as the column rolled into Teheran.

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A CIA man familiar with the Iran story characterized this as a "real Jones Bond operation." "Kim did run the operation from a basement in Teheran -- not from our embassy." He added admiringly: "It was a real Jones Bond operation."

General Fazollah Zahedi,* the man the CIA chose to replace Mossadegh, was also a character worthy of spy fiction. A six-foot-two, handsome ladies' man, he fought the Bolsheviks, was captured by the Kurds, and, in 1942, was kidnapped by the British, who suspected him of Nazi intrigues. During World War II the British and the Russians jointly occupied Iran. British agents, after snatching Zahedi, claimed they found the following items in his bedroom: a collection of German automatic weapons, silk underwear, some opium, letters from German parachutists operating in the hills, and an illustrated register of Teheran's most exquisite prostitutes.

After the war Zahedi rapidly moved back into public life. He was Minister of Interior when Mossadegh became Premier in 1951. Mossadegh nationalized the British-owned Anglo-Iranian Oil Company in April and seized the huge Abadan refinery on the Persian Gulf.

The refinery was shut down; thousands of workers were idled and Iran faced a financial crisis. The British, with the backing of Western governments, boycotted Iran's oil and the local workers were unable to run the refineries at capacity without British techniques.

Mossadegh connived with the Tudeh, Iran's Communist party, and London and Washington feared that the Russians would end up with Iran's vast oil reserves flowing into the Soviet Union, which shares a common border with Iran. Mossadegh, running the crisis from his bed -- he claimed he was a very sick man -- had broken with Zahedi, who balked at tolerating the Tudeh party.

* He died September 1, 1963, at age sixty-seven.

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Kim Roosevelt was born in 1914 in New York City. He was the son of a wealthy family and was educated at Harvard University. He was a member of the Alpha Chi Omega fraternity and was a member of the Phi Kappa Phi Honor Society. He was a member of the United States Army and served in World War II. He was a member of the Central Intelligence Agency and served as a Middle East specialist. He was a member of the United States Navy and served as a naval aviator. He was a member of the United States Air Force and served as a pilot. He was a member of the United States Marine Corps and served as a combat aviator. He was a member of the United States Coast Guard and served as a cutter commander. He was a member of the United States Customs Service and served as a collector. He was a member of the United States Department of State and served as a diplomat. He was a member of the United States Supreme Court and served as a justice. He was a member of the United States Senate and served as a senator. He was a member of the United States House of Representatives and served as a congressman. He was a member of the United States Cabinet and served as a secretary of state. He was a member of the United States Presidency and served as the President of the United States.

The British and American governments had together decided to mount an operation to overthrow Mossadeq. The CIA's estimate was that it would succeed because the conditions were right; in a showdown the people of Iran would be loyal to the Shah. The task of running the operation went to Kim Roosevelt, then the CIA's top operator in the Middle East.

Roosevelt entered Iran legally. He drove across the border, reached Teheran, and then dropped out of sight. He had to, since he had been in Iran before and his face was known. Shifting his headquarters several times to keep one step ahead of Mossadeq's agents, Roosevelt operated outside of the protection of the American Embassy. He did have the help of about five Americans, including some of the CIA men stationed in the embassy.

In addition, there were seven local agents, including two top Iranian intelligence operatives. These two men communicated with Roosevelt through cutouts -- intermediaries -- and he never saw them during the entire operation.

As the plan for revolt was hatched, Brigadier General H. Norman Schwarzkopf, who used to appear on radio's "Bang Susters," turned up in Teheran. He had reorganized the Shah's

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police force there. He was best known for his involvement in the 1947 baby kidnapping case. He joined the New Jersey State Police in 1942. Schwarzkopf, an old friend of Zahedi's, claimed he was in town "just to see old friends again." But he was part of the operation.

On August 13 the Shah signed a decree dismissing Mossadeqh and naming Zahedi as Premier. The uncooperative Mossadeqh arrested the unfortunate colonel who brought in his notice of dismissal. Mobs rioted in the streets; the thirty-three-year-old Shah and his queen (at that time the beautiful Soraya, fled to Baghdad by plane from their palace on the Caspian Sea.

For two chaotic days, Roosevelt lost communication with his two chief Iranian agents. Meanwhile, the Shah had made his way to Rome; Allen Dulles flew there to confer with him. Princess Ashraf, the Shah's attractive twin sister, tried to play a part in the international intrigue, but the Shah refused to talk to her.

In Teheran, Communist mobs controlled the streets; they destroyed statues of the Shah to celebrate his departure. Suddenly, the opposition to Mossadeqh consolidated. The Army began rounding up demonstrators. Early on August 19 Roosevelt, from his hiding place, gave orders to his Iranian agents to get everyone they could find into the streets.

The agents went into the athletic clubs in Teheran and rounded up a strange assortment of weight-lifters, muscle-men and gymnasts. The odd procession made its way through the bazaar shouting pro-Shah slogans. The crowd grew rapidly in size. By mid-morning it was clear the tide had turned against Mossadeqh and nothing could stop it.

Zahedi came out of hiding and took over. The Shah returned from exile. Mossadeqh went to jail and the leaders of the Tudeh were executed.

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In the aftermath of the 1953 coup, an international consortium of Western oil companies signed a twenty-five-year pact with Iran for its oil. Under it, the former Anglo-Iranian Oil Company got 40 percent, a group of American companies* got 40 percent, Royal Dutch Shell got 14 percent and the Compagnie Francaise des Petroles 6 percent. Iran got half of the multimillion-dollar income from the oil fields under the deal, the Anglo-Iranian was assured a compensation payment of \$70,000,000.

The United States, of course, has never officially admitted the CIA's role. The closest Dulles came to doing so was in a CBS television show in 1962, after his retirement from the CIA.¹⁰ He was asked whether it was true that "the CIA people spent literally millions of dollars hiring people to riot in the streets and do other things, to get rid of Mossadegh. Is there anything you can say about that?"

"Well," Dulles replied, "I can say that the statement that we spent many dollars doing that is utterly false."

The former CIA chief also hinted at the CIA's Iran role in his book The Craft of Intelligence. "... support from the outside was given ... to the Shah's supporters," he wrote, without directly saying it came from the CIA.

Magazines did their part as well. In The Saturday Evening Post for 6 November 1954, Richard and Gladys Hackness co-authored an article entitled "The Mysterious Doings of CIA," which appears to have been a key source for both Tully and Wise-Ross. Richard and Gladys said:

* Gulf Oil, Standard Oil of New Jersey and California, The Texas Company and Socony-Mobile.

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Another CIA-influenced effort to overthrow of Iran in the summer of 1953, of old, dictatorial Premier Mohammad Mossadegh and the return to power of this country's friend Shah Mohammad Riza Pahlavi.

On May 28, 1953, President Eisenhower received a letter from Mossadegh amounting to a bare faced attempt at international blackmail. ...

The White House stalled Mossadegh for one month; then turned down the crafty premier with a blunt no. This was a calculated risk at last. It was a daring gamble, in fact, that Mossadegh would not remain in power to carry out his threat. It was, as well, a situation which required a little doing. The doing began in short order through a chain of stranger-than-fiction circumstances involving [Allen] Dulles, a diplomat, a princess and a policeman.

On August tenth Dulles packed his bags and flew to Europe to join his wife for a vacation in the Swiss Alps. The political situation in Teheran was becoming more conspiratorial by the hour. Mossadegh was consorting with a Russian diplomatic-economic mission. Loy Henderson, United States Ambassador to Iran, felt he could leave his post for a short "holiday" in Switzerland. Princess Ashraf, the attractive and strong-willed brunette twin sister of the Shah, chose the same week to fly to a Swiss alpine resort. It was reported that she had had a stormy session with her brother in his pink marble palace, because of his vacillating in facing up to Mossadegh.

The fourth of the assorted characters in this drama, Brig. Gen. H. Norman Schwartzkopf, at this time took a flying vacation across the Middle East. His itinerary included apparently aimless and leisurely stops in Pakistan, Syria, Lebanon -- and Iran. Schwartzkopf is best known to the public as the man who conducted the Lindbergh kidnapping investigation in 1932, when he was head of the New Jersey state police. But from 1942 through 1948 he was detailed to Iran to reorganize the Shah's national police.

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He probably had the general knowledge of the situation in Iran and the intelligence on the political climate prevailing against the Shah, knowledge of which many elements could be counted on to remain loyal and familiarity with Middle East psychology. Schwartzkopf became friend and advisor to such individuals as Maj. Gen. Faribollah Zehedi, his colleague on the police force, and the Shah himself.

Schwartzkopf returned to Iran in August of 1953, he said, "just to see old friends again." Certainly the general will deny any connection with the events that followed his renewal of acquaintanceships with the Shah and Zehedi. But as Mossadegh and the Russian propaganda press railed nervously at Schwartzkopf's presence in Iran, developments started to unfold in one-two-three order.

On Thursday, August thirteenth, the Shah suddenly issued a double-edged ukase: Mossadegh was ousted by royal decree and his successor as premier was to be General Zehedi. The Shah ordered the colonel of the Imperial Guards to serve the notice on Mossadegh. Two days later, at midnight of Saturday, August fifteenth, the colonel went to Mossadegh's residence to find himself and his platoon surrounded by tanks and jeeps. The colonel was clapped in jail, and Mossadegh proclaimed that the revolt had been crushed. The Shah and his queen, taking events at face value fled to Rome by way of Iraq.

On Wednesday, August nineteenth, with the army standing close guard around the uneasy capital, a grotesque procession made its way along the street leading to the heart of Teheran. There were tumblers turning handsprings, weight lifters twirling iron bars and wrestlers flexing their biceps. As spectators grew in number, the bizarre assortment of performers began shouting pro-Shah slogans in unison. The crowd took up the chant and then, after one precarious moment, the balance of public psychology swung against Mossadegh.

...a signal, the...
 Shah's...
 a better time hours. ...
 Western-style military strategy and logistics,
 loyalist troops drove Mossadegh's elements into
 a tight cordon around the premier's palace. They
 surrendered, and Mossadegh was captured as he
 lay sleeping in his bed, clad in striped silk
 pajamas. In Rome a bewildered young Shah prepared
 to fly home and install Zohdi as premier and to
 give Iran a pro-Western regime.

Thus it was that the strategic little nation
 of Iran was rescued from the closing clutch of
 Moscow. Equally important, the physical over-
 throw of Mossadegh was accomplished by the Iranians
 themselves. It is the guiding premise of CIA's
 third force that one must develop and nurture
 indigenous freedom legions among captive or
 threatened people who stand ready to take personal
 risks for their own liberty.⁴⁵

More than a year later, Crosby Noyes, writing in the
Washington Star for 27 September 1953, discussed obliquely
 the significance of Ambassador Henderson, CIA Director Dulles,
 and Princess Ashraf being in Zurich the same week in August,
 and mentioned General Schwarzkopf's visit in detail. Without
 making any direct accusations, he hinted: "It is possible
 that the CIA agents whose departure from Iran was observed
 and reported were on purely routine intelligence missions.
 It is possible -- as a leading columnist has suggested --
 that Mr. Henderson's trip to Switzerland was no more than
 a 'policy of studied indifference' on the part of the State

⁴⁵ Richard and Gladys Harkness, "The Mysterious Doings of
 CIA." The Saturday Evening Post, November 6, 1954, pp. 66-68.
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... toward the Messerschmitt engine. A friend of the
Princess Ashraf, here in Washington, holds steadily to the
view that her visit with the Shah was undertaken simply to
ask him for money. It is possible that Allen Dulles is
genuinely fond of mountain-climbing and that Gen. Schwarzkopf
just happened to show up in Teheran at a critical moment.

"It is all perfectly possible. But as long as the
practice of putting two and two together continues, the
argument about what really happened in Iran last summer
seems likely to continue."

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8 May 1956

MEMORANDUM FOR: [REDACTED]

SUBJECT: Extracts from [REDACTED] File

1. For our conversation of 8 May 1956, I am forwarding herewith a Summary [REDACTED] and a more detailed description [REDACTED]
2. These pages have been extracted from the [REDACTED] and [REDACTED] and we would appreciate their return at such time as is practicable.

Attachment: Appendix A & B
[REDACTED] File

Distribution:

Addressee -- Orig & 1
[REDACTED] -- 2222
APPROVED FOR RELEASE
DATE 6/1/56

Clandestine Radio Azerbaijan (at Raku) has been plugging the "military coup" line for several months. A few references to this activity follow:

1 May 1953 At present the American Ambassador at Tehran is engaged in a fresh double cross. With the aid of such spies and traitors as Ala, Zahedi, Baerisadeh and Mir Ashrafi and of bogus religious leaders such as Behbehani. These elements want to make a military coup to liquidate the Mossadeq govt and establish a new govt. Among those involved are those German fascists now in the service of the Americans.

7 May 1953 The murder of Afshar Tus was one of a continuing series of plans which the Americans and British are making with the son of Reza Khan. The chief instigators of these plans are the American Ambassador and the son of Reza Khan. In the past these plans have included the Qavam incident, the Bakhtiari incident, etc.

15 May 1953 The Persian monarchy was established by the imperialists and its continued existence serves their purposes. Thus, the Shah and the American imperialists are trying to stifle the voice of the people through a military coup.

7 July 1953 All the intrigues of the American and British imperialists and the subversive actions of the Shah for staging a military coup are related. All these actions are part of a wide plan that is being carried out all over the country. It has involved the Afshar Tus affair, the Bakhtiari uprising, distribution by the army of arms to the Kuh-i-Giluyeh tribes, meetings between army heads and tribal leaders at Kermanshah, meetings in Khorasan, staged demonstrations at Meshed, arms given out at Mahabad, tribal conferences by the tribal section of the U.S. Embassy etc.

APPROVED FOR RELEASE
Date 6/5/81

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3 JUL 1953

MEMORANDUM FOR: [REDACTED]

SUBJECT: News Bulletin

The following bulletin has been received [REDACTED]

"London Reuters Radioteletype in English to New York 1957 7/2

(Excerpts) Teheran-- Russian Ambassador Ivan Sadchikov, due to leave here today for Moscow for reassignment, has postponed his departure for 2 weeks.

The Iranian Ambassador in Moscow, Nader Arasteh, who was about to return here on leave, has been instructed to remain in the Russian capital until new talks between the two countries are well under way, it was learned today.

Iran's Foreign Office is reported to have completed draft instructions for Arasteh, who recently met Vyacheslav Molotov, the Soviet Foreign Minister.

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2 JULY 1953

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MEMO To: Mr. Roosevelt

RE: [REDACTED]

For your information the Iranian Press, 30 June 1953, reported the arrest of Dr. Janshid MOFATTAH, former Under Secretary of National Economy. The arrest was made under Article 5, Martial law.

APPROVED FOR RELEASE
Date 6 July 81

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MEMO TO THE PRESIDENT in Reply Morse to Europe, July 15, 1955. NSC 5411-E

(Text)

New York--THE NEW YORK TIMES (sic) published an article by its observer Allen who says: "The Mossadeq Government will fall before the close of this year. Iran is in the throes of a rapidly intensifying political and economic crisis, and the aged and ailing Premier is nearing the end of his turbulent rule.

"He will probably be ousted by arms, as happened in Egypt last year when King Farouk was kicked out. The Iranian Army is strongly pro-west with especially close ties to the United States, that is supplying it with modern equipment and training personnel.

"These highly significant conclusions were the first ones definitely reached at the 'Big Three' Foreign Ministers' Conference here. They were based on reports from both American and British sources in Iran. This explosive Middle Eastern situation has been a major Washington-London problem since the start of Mossadeq's hectic domination. The United States authorities made repeated efforts to settle his bitter feud with the British, but all were thwarted by his extremist demands.

"Meanwhile, political and economic conditions deteriorated to a point where an upheaval and Mossadeq's ouster are deemed inevitable. Iran suffered a smashing economic blow as a result of the drop in the world price of oil. Authoritative financial reports indicate that the Mossadeq Government is virtually bankrupt.

"That is what Secretary of State Dulles told the House of Representatives Appropriations Committee during a private conference on the foreign aid budget. Dulles, who did not visit Iran during his recent Middle East tour, stated that he had advised President Eisenhower to withhold further economic assistance to Iran until an agreement is reached on the long-pending oil dispute with Britain. Asked what effect the fall of Mossadeq would have on United States relations, Dulles made the following significant reply: 'Any Iranian Government other than a Communist one would be better for us than the present government. We found it impossible to deal with Mossadeq.'"

APPROVED FOR RELEASE
Date _____

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TEHRAN IRACI HOME SERVICE IN IRAPIC 1730 7/9

(TEXT) THIS EVENING DEPUTY DIRECTOR FOR PUBLIC PROPAGANDA KAMAL IRANIAN HELD A PRESS CONFERENCE IN THE BROADCASTING SERVICE OFFICES ATTENDED BY CORRESPONDENTS OF THE ARAB NEWS AGENCY AND FOREIGN NEWS AGENCIES AND GAVE THEM THE FOLLOWING ANNOUNCEMENT:

YOU ARE AWARE THAT SOME IRANIAN PAPERS ARE CONDUCTING A CAMPAIGN OF ATTACK AGAINST ARABS AND AGAINST IRAQ IN PARTICULAR. SOME OF THESE PAPERS ARE NOTHING BUT OUT-AND-OUT ZIONIST PAPERS, SOME ARE WIRE-PULLED BY THE JEWISH AGENCY, WHILE SOME ARE INSPIRED BY OTHER QUARTERS. YET THE ATTITUDE OF THE IRAQI PRESS, DESPITE THESE ATTACKS, HAS ALWAYS BEEN EXTREMELY FRIENDLY, IN DEFERENCE TO THE EXISTING STATE OF AFFAIRS IN IRAQ.

IT IS TO BE REGRETTED THAT, NOTWITHSTANDING THE FRIENDLY STAND TAKEN BY THE IRAQI GOVERNMENT TOWARD HER NEIGHBOR IRAN IN DIFFERENT CIRCUMSTANCES, IRANIAN OUTRAGES IN RECENT TIMES HAVE ASSUMED A DIFFERENT CHARACTER, WHICH IS FAR FROM SATISFACTORY. ARMED IRANIAN SOLDIERS HAVE BEGUN TO INFILTRATE IRAQI TERRITORY AND TO COMMIT OUTRAGES ON THE INHABITANTS OF PEACEFUL VILLAGES CONTIGUOUS TO THE FRONTIER. THEY LOOT THEIR CATTLE AND ANYTHING THEY CAN LAY THEIR HANDS ON. THEY THEN RETURN TO THEIR POSTS WITH THEIR LOOT.

NOTWITHSTANDING REPEATED NOTES OF PROTEST LODGED BY THE FOREIGN OFFICE, THESE ENCROACHMENTS CONTINUE. AN INSTANCE OF THIS TOOK PLACE A FEW DAYS AGO WHEN 20 IRANIAN SOLDIERS TRESPASSED UNACCOMPANIED AND LOOTED AN ESTIMATED 615 HEAD OF SHEEP BELONGING TO THE TRIBE OF (JAH) IN THE VILLAGE OF (LALE BEN), AFTER THE SHEPHERD WAS WOUNDED BY GUNSHOT.

PRIOR TO THAT INCIDENT, THREE IRANIAN SOLDIERS WERE APPREHENDED WITHIN IRAQI TERRITORY. THEY WERE RETURNED TO IRAN TOGETHER WITH THEIR ARMS, TO PRESERVE THE FRIENDLY RELATIONS EXISTING BETWEEN THE TWO COUNTRIES.

LAST WEEK IRANIAN SOLDIERS TRESPASSED UPON THE (BENASUWA) AREA AND PENETRATED IRAQI TERRITORY TO A DEPTH OF ABOUT FIVE KILOMETERS. WHEN THEY ATTEMPTED TO LOOT THE SHEEP OF THE VILLAGE, THE OWNERS OF THE SHEEP AND THE POLICE RESISTED THEM AND IN THE ENSUING CLASH SOME CASUALTIES WERE INFLICTED. EIGHT IRANIAN SOLDIERS, INCLUDING THE ONE IN CHARGE OF THE IRANIAN OUTPOST, WERE ARRESTED WITHIN IRAQI TERRITORY, AND THEY WERE CONVEYED TO PENJWIN.

BY THIS TIME, A NOTE OF PROTEST WILL HAVE BEEN DELIVERED TO THE COMPETENT IRANIAN AUTHORITY. THE IRAQI GOVERNMENT, VIGILANT TO SAFEGUARD THE SANCTITY OF HER TERRITORY AND THE LIVES OF HER NATIONALS AND THEIR PROPERTY, ADHERES AT THE SAME TIME TO THE BONDS OF FRIENDSHIP THAT BIND HER TO HER NEIGHBOR IRAN AND SEEKS ALWAYS TO MAINTAIN AND CEMENT THESE BONDS.

28 July 1953

MEMORANDUM FOR

Deputy Director (Plans)

SUBJECT:

Statement concerning Iran made by the Secretary of State at his press conference of 28 July 1953.

1. NEW YORK TIMES correspondent Hightower asked the Secretary the following, in substance:

"There are indications of growing Tudeh Party strength in Iran. What comments do you have to make on this situation?"

2. The Secretary of State replied (and this is nearly verbatim):

"The growing activities of the illegal Communist Party in Iran and the toleration of them by the Iranian Government has caused our Government concern. These developments make it more difficult to grant aid to Iran."

3. No other questions regarding Iran were raised and the Secretary made no further references to Iran. The background material prepared by this organization and delivered to Mr. Lincoln White via Mr. Jernegan's office, was not used. However, Mr. Jernegan has kept two copies of that paper in the event newsmen follow up the Secretary's statement on Iran with Assistant Secretary Byrns or Mr. Jernegan himself.

cc: DCI

7/28/53

Orig. to DD/P

1 cc - DCI

3 cc

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Dear Kim:

**As you return from your richly deserved holiday
I wanted you to have on your desk this note from me ex-
pressing my deep admiration for a task well done.**

**Please give me a call when you get in as I want
to see you at your earliest convenience and let you have
some ideas on subjects of mutual interest.**

Sincerely,

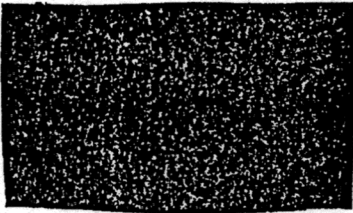
Signed

ALLEN W. DULLES

Director

**Allen W. Dulles
Director**

**Kermit Roosevelt, Esq.
Washington, D. C.**



Approved for Release

Date 06T 1992

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POOR ORIGINAL

**STUDIES
IN
INTELLIGENCE**

Vol. 35, No. 3

Fall 1991

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Tilting at the Tower of Babel	Thomas Appich
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The Game Player: Confessions of The CIA's Original Political Operative	James Worthen

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Contributions

Studies in Intelligence welcomes articles, reviews, and other communications. Submissions should normally be classified at the Secret level or below, although supplements are occasionally published at higher levels of classification. If possible, drafts should be submitted in VM script, Wang, or Microsoft Word Format, and the disk should accompany them. Two doublespaced copies of each draft should be provided. Drafts should be submitted directly to the Editor, Room 526, Chamber of Commerce Building. *Studies* does not require that submissions be coordinated through channels.

Distribution

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The Studies in Intelligence and Sherman Kent Awards

An annual award of \$2,000 is offered for the most significant contribution to the literature of intelligence submitted for publication in the *Studies*. The prize may be divided if the two or more best articles submitted are judged to be of equal merit, or it may be withheld if no article is deemed sufficiently outstanding. An additional \$3,000 is available for other prizes.

Except as may be otherwise announced from year to year, articles on any subject within the range of the *Studies*' purview, as defined in its masthead, will be considered for the awards. They will be judged primarily on substantive originality and soundness, secondarily on literary qualities. Members of the *Studies* Editorial Board are of course excluded from the competition.

The Editorial Board will welcome readers' nominations for awards but reserves to itself exclusive competence in the decision.

Secret

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~~Secret~~

~~Confidential~~

Book Reviews

Intelligence in Recent Public Literature

Reinhard Gehlen: The CIA Connection. By Mary Ellen Reese. George Mason University Press, Fairfax, Virginia; 1990; 183 pp.

Most books about General Reinhard Gehlen contain the word "spy" somewhere in the title. In *General Reinhard Gehlen: The CIA Connection*, Mary Ellen Reese has achieved the same espionage affiliation by substituting "CIA" for spy. And she suggests some mysterious connection by juxtaposing the swastika and the CIA seal within the text of the title on the book jacket. The point, of course, is to sell books.

Unfortunately, the substance of Gehlen's life and the history of his intelligence career neither generate nor sustain the drama implied by the titles of the books about him, including Miss Reese's. Nevertheless, she has performed a useful service with her book, which is the most readable and the most objective of all the books concerning Gehlen. The book jacket claims that "this is the first authoritative account of the long-secret postwar relationship between Gehlen and American intelligence." This might have come as a surprise to Gehlen, who probably thought his memoirs were authoritative. But even he recognized that memoirs are not reliable and that memoirs of intelligence chiefs are especially not to be trusted: "... documents published in this way (Penkovsky Papers, Philby's Memoirs, the Lonsdale Papers) are not the best material on which to base an investigation of historical truths—nor, I might add, are the biographies of retired intelligence service chiefs!" Disregarding Gehlen's warning, Miss Reese used his memoirs, new information released through the Freedom of Information Act, and interviews with retired military intelligence and

CIA officers to put together a comprehensive profile of the general, which illuminates the policies and strategies of the USSR, Europe, and the US as they were settling into the arrangements that each would make to fight the Cold War.

The broad details of Gehlen's career are generally known, but Miss Reese adds some specifics on the interaction between the intelligence services and the governments that cooperated and occasionally competed with Gehlen's Federal Intelligence Service (BND). Her interviews with retired contacts of Gehlen's seem to have been productive; she was apparently quite skillful at getting these normally reticent sources to talk.

The result is an absorbing description of Gehlen from his dismissal by Hitler in 1944 as Eastern Front intelligence chief, through surrender to the Americans and his cooperation with them, to his formation of the BND, and finally his medal-laden retirement on 30 April 1968. Her exposition reveals a good bureaucrat surviving large failures and small successes as head of a major Western intelligence service. Gehlen even shows a slight flair—perpetual sun glasses and no photographs—for publicity. What he does not show is talent for intelligence work. He was good at military order of battle and fairly good at evaluation and analysis, but trade-craft and operational security were *terra incognita*.

This blind spot resulted in the Hienz Felfe case, the highest drama in Gehlen's career. Its effect on Gehlen and on the relationship between the BND and the CIA is the centerpiece of the book, and Miss Reese gets it just right. Felfe was a Soviet penetration of Gehlen's organization who made it look bad and who managed even under interrogation and through the trial to create negative

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Book Reviews

publicity for Gehlen. Felfe was eventually traded to the Soviets for 21 minor-league West German assets and a second-round draft choice from Heideberg. Gehlen survived, but the luster was gone.

"The Felfe trial and the storm it provoked took its toll, and once more he had not been swept away. But by now his strength, both personal and political, had been sapped, and his reputation as well as that of his organization had been irreparably damaged."

Thereafter, "masterspy" would only be used with heavy irony in reference to Gehlen. He stayed with the service for five more years, but only because a suitable replacement could not be found.

Miss Reese, unfortunately, couches her story in a kind of literary breathlessness that pulls the reader away from the substance. She reaches for excitement where none exists, using a heavy handed rhetorical-question approach: "Did the information he (Gehlen) provided justify taking him on and allowing him to expand his organization? What compromises did the Americans make in dealing with him? Did American Intelligence find itself supporting a group of Nazis? Was American supervision of the Gehlen Organization adequate?" With common sense and some background, these four questions are easily answered: yes; a few but unimportant; no; and yes. Other questions are even less relevant: "Why was Gehlen whisked off to America and then returned to Germany to re-establish the unit he had run for Hitler, while others were tried at Nurnberg, convicted and hanged?" This is silly. Only two members of the German General Staff, Jodi and Keitel, were hanged, more for their activities with the *Oberkommando Wehrmacht* than with the General Staff. It takes a great leap of imagination to put a noose around the neck of an insignificant intelligence general. A simple exposition of the story would have improved the readability.

The book also suffers from lax editing. Miss Reese seems never to have met an adjective she did not like. Almost every noun gets one. "Dangerous defects," "destructive tensions," "furtive meetings," "close colleagues," "stolen hours of intense discussion," "bleak winter," "clandestine planning suggestions," "bold gamble," "secret plotting," "normal routine" represent only a random and partial selection from three pages. Miss Reese tells a good story, but it would have been better if she had heeded Mark Twain's advice to those who would write well—"when you find an adjective, kill it."

Quibbles aside, Miss Reese has done a real service by eliminating the need to read any of the other works on Gehlen. She is complete and accurate. And, in the end, she puts Gehlen and his career in perspective:

"Finally, in addressing the question of whether support of the Gehlen organization was worth the inevitable compromises, it is useful to bear in mind that even when played on a narrow field intelligence is not a game of winners and losers. It is a game of advantages, points gained. Wars are not won by spies."

Gehlen was important before the Felfe case because Konrad Adenauer was listening to him; he was not important after Felfe because Adenauer was not listening to him. That is a lesson that might lower the hubris level and improve the value of all intelligence organizations.

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Book Reviews

The Game Player: Confessions of the CIA's Original Political Operative. By Miles Copeland. Aurum Press, London; 1989; 294 pp.

The Game Player purports to be the revelations of an insider—the CIA's "original political operative," in the words of the subtitle—who joined the Agency at its creation, remained on and off until the mid-1950s, and hung around the periphery as a "loyal alumnus" well into the 1980s. Miles Copeland saw service as a charter member of the Agency's political action staff and was then assigned to Syria and Egypt, where he worked to help indigenous pro-US forces come to power. He died recently, at the age of 77.

Copeland was close enough to our operational successes in the Middle East—engineering the coup that brought down the leftist Mossadegh in Iran in 1953 and helping Nasser consolidate his power in Egypt in the early to mid-1950s—to learn some useful general principles about how covertly to encourage political outcomes favorable to US interests. He points out that successful political action can only make use of forces already existing in a country, not bring new forces into being, and that democracy abroad is not always in America's best interests—an election, after all, might result in a tyrant who would outlaw future elections. He was also a believer in absolute secrecy, not because we need it but because Third World governments usually cannot afford to divulge to their own people their cooperative relationships with the US.

As he came to see what would and would not work, Copeland grew more impatient with US policymakers of the period, particularly John Foster Dulles. Copeland believed that Dulles failed to understand the logic of Nasser's appeals to Egyptian nationalism during the Suez Crisis of 1956 and pressured the Egyptian leader in ways that proved counterproductive. Nasser, of course, later formed a close economic and military relationship with the Soviet Union.

Many of Copeland's anecdotes about life in the Agency during the heady period after World War II illustrate the exuberance and naive self-confidence of some of its early leaders and officers.

These men appeared truly convinced that the proper application of American ingenuity and resources could bend the world into whatever shape was deemed favorable to US interests. In reality, Copeland argues, the early Agency was a "dream factory," in which "lunacies" of every variety were hatched, most of which never got off the ground. Ideas that actually reached the implementation stage, according to the author, include attempted communication by ESP with overseas posts and the planting of a hallucinogen in the tea of President Sukarno of Indonesia. Copeland dismisses later criticism of such sophomoric by "straights" in Washington, saying that these projects "were all great fun, cost little or no money, and did no lasting harm."

Like other members of the CIA's founding generation, Copeland laments the increasing bureaucratization that accompanied its steady growth. This bureaucratization was manifest, he argues, in the Agency's overriding concern for defending and expanding its budget, as well as in its ebbing vigor and creativity. Still, Copeland was ambivalent about bureaucracy, at least in the larger sense. He was a believer in the "theory of counterdisaster," according to which every policy error by politicians in the White House is redressed by the "dumb intelligence" of middle-level officials who, routinely and without fuss, "turn their bosses' tactical mountains into strategic molehills." It is a comforting thought, if you are a bureaucrat.

Examples of wit and insight such as these are scattered throughout the book, but they obscure the underlying reality—which is that the author of *The Game Player* was an insufferable egomaniac, name-dropper and self-promoter.

Most apparent to even the least tutored in the history of the Cold War and American intelligence is Copeland's vastly inflated view of his role, importance and status. Self-described as "one of the US Government's most valuable intelligence assets," Copeland rates little more than a footnote in John Ranelagh's fine 800-page history of the CIA. Yet *The Game Player* contains all too numerous tributes to Copeland's own abilities and accomplishments.

Book Reviews

Copeland wastes no modesty in describing his personal involvement, which seems to have been peripheral, in events in Iran and Egypt. In so doing, he tells us, he wants to set the record straight "for the benefit of future historians" and to "rectify the many books and articles that give undue credit to myself" for the operation that brought the Shah of Iran to power. He goes on, however, to suggest that much of the credit is not "undue." His initial encounter with Egypt's Nasser led Copeland to observe: "Nasser was impressed."

Copeland's own testimony suggests that his superheated ego eventually made him *persona non grata* around CIA. An early run-in with a superior whom he enraged inspired Copeland to call himself a "chronic organizational misfit." In another altercation—this time with Frank Wisner, one of the top operatives of the old Office of Strategic Services—Copeland quotes himself as saying: "Frank, we're discussing a subject I well understand, and you know nothing at all about it." Such arrogance could not have endeared him to his colleagues. When he tried to rejoin the Agency in the mid-1950s, he writes, "the sonsofbitches wouldn't even speak to me."

One of Copeland's main priorities in life seems to have been to have fun, often at the expense of others. This book dwells tediously on his sumptuous living quarters abroad, his "famous parties," his many alleged acquaintances with people in the fast lane, and his self-described material success as a oil company consultant following his CIA days.

In France, he recalls, he "quickly became part of the trendiest of Paris society." In Syria, he was fond of playing practical jokes. One that he describes in considerable detail involved his subversion of a weekly military intelligence publication that served "semi-literate Pentagon readers." In another, he laid "boobytraps" in the path of his successor so that he could not claim to have improved on Copeland's performance.

As for the meaning of the title, *The Game Player* is replete with references to games, gaming, and "international gameplay," which appear to have more to do with Copeland's world view than anything else. The dust jacket notes that he "organized and supervised the CIA's 'game room,' predicting the moves of foreign governments," but this "game room" remains a mystery throughout most of the book.

Most irritating of all is the air of unprinciple and amorality that permeates *The Game Player*. As Copeland admits toward the end, "I see life as a game." By the time we reach this point, we already know this. In one typical but jarring note, Copeland describes a colleague as a "fine conscientious, highly principled, patriotic officer ready to give his best to his country—in other words, a thoroughgoing shit."

This book is not a major contribution to the literature of intelligence.

James Worthen

THE AGENT, GETTING HIM OUT

Sometime in 1941, _____ and Blackwell landed at Sionville and were caught, as related elsewhere. In jail with them at the time were the entire group who had been caught sinking a ship with a sticky limpet. They had sunk about ten others before they were caught. The ship in question was called AGHILLER; they sank it in the harbor of La Houlette. They got these sticky bombs from Malta by sub; _____, and the whole crowd had received these on shore. When the police caught them, they found about a ton of these bombs. The members of this gang included _____ (these two had made a trip to Malta) _____ and _____ were the chiefs of this gang. _____ was the man who placed the bombs. They communicated with Malta by means of their own radio, independently of us. We knew about them all the time because they made the first contact; the telegram was sent to Mr Springs.

Now the sticky-bomb gang was in the same jail with _____ and Blackwell; this was just before the landing. We made a plan to get all of people out. We asked for a submarine or a plane to be sent over from Malta. Malta replied that this was impracticable and advised us to try to evacuate them via Oran. This was ridiculous. Then they suggested that we get in contact with Gibraltar about the case, but there was no time, because then the German occupation took place.

We could not get them out of jail until there was some way to dispose of them. We could get them out at any time we wanted. We had it arranged

with the _____ jailer, who was to be sent with them to allied

_____ the German landings, the prefect of Police released the _____ through to Algiers.

MALTA

Our contacts at Malta all this time were with Capt. Anthony Morris; he operated the other end of our w/t communications, and it was he who received and sent back Verdier and Meunier, to the best of our knowledge

• TWO STORIES OF ATTEMPTS BY THE MALTA GROUP TO LAND AGENTS, WHICH FAILED

(This is by _____)

(1) _____ went out to Tunisia as agents, two men _____ who were rowed ashore from the submarine by a sailor named Blackwell. Blackwell landed them at Sionville, near Nabeul. When Blackwell tried to return to the sub, his boat capsized and he returned ashore. The three of them then went to a little cafe in Nabeul. All were wearing civvies. But Blackwell had wet clothes; the proprietor became suspicious and turned them in. (date of this, late 1940-early 1940)

(2) In a second attempt, two men were landed from a submarine at Zarzas, whence they were supposed to go through to Tripoli; they were however, soon picked up. One was an Algerian Arab and the other an Egyptian. They were both wearing Tripolitan clothing, which aroused suspicion and caused their arrest. Another blunder by _____

lent number of troops and quantities of military equipment. In other words, they were all for, or all out against, the Germans, but they did not wish to be concerned with anything of an abortive nature. If we could convince them that any projected landings would not be of a commando variety, the victory was won.

Late in 1941 direct contact was established at Tangier with [redacted], and I became their chief organizer in this area. It was necessary to reorganize and revamp this skeleton organization; I was charged with paying off the agents, collecting information, evaluating and sending it forward to Tangier, etc. As soon as Col. Edd arrived at Tangier this was carried on with his aid and cooperation. Sets, codes, and all the attendant paraphernalia for a radio network were brought by Boyd and myself through the pouch and set up.

The principal post was in [redacted] apartment, and it is to his credit that this post stayed there and functioned for well nigh a year without discovery. It had to be changed twice: they gave us very poor sets; the quality of the material was of very poor grade. In the beginning the sets were very bulky, and it is a wonder that we weren't caught coming through. Happily, we had established very good contacts in all the customs offices. Later on quite a high grade of set was manufactured by the Poles in Britain with British and American parts: very small and high powered.

A few months later we established contact with the man who afterwards became the chief of the [redacted] in North Africa, whose code name was [redacted]. We performed the same services for [redacted] network as we did for [redacted]; collected, dispatched information, paid necessary funds to him and to certain other subordinates, etc. I was also able to put [redacted] into contact with another French secret group, mostly socialist, who were roughly organized by [redacted] a regional [redacted]. I believe that the [redacted] group furnished the bulk of useful information in [redacted]. For some reason they were unwilling to work with [redacted] and at that time we had no peculiarly U.S. network in existence.

On the other hand, the initial clause, so to phrase it, of our working agreements with all these networks was that we should have access and what amounted to censorship if necessary over all information that passed through our hands. This was also promised in respect to everything that was sent via radio, although here naturally control was very difficult. I might say that a sort of censorship was most necessary in regard to many of the agents, since a number were not in sympathy with our program. Some were in North Africa or at Vichy. Very often their tendency was to take on the worst type of rumor for fact, and to attempt, in this manner, to make a break between the U.S. and the Vichy government.

near
This was censorship, or pooling of information at the source, was likewise [redacted] check. Often when we were requested to send information on [redacted] likewise pass on similar requests, more or less [redacted] networks. The ideal state of affairs, when several allied secret networks exist in a given territory, is for all members to be fully aware of the existence of any and all similar agencies. Un-

About August 1942 it was agreed at a meeting that the leadership of the whole effort was to go to Col. Tostain, who in an emergency was to supply arms to these groups from the arsenal. This, as you will see, turned out to be a mistake. A week or two before D-day a rehearsal was held, and the various leaders were told to report at certain street corners or cafes to receive their orders. Carcassonne and his assistants met these men and told them to be in readiness for another trial in the near future, and sent them home. The test was very successful.

The plan was for one group of picked men to appear at the gate of the division HQ where they would receive their arms. They were then to proceed to Navy HQ, overcome the guard at the gate, and arrest the admiral and any body found in the HQ. Other groups were to seize the central telephone office, the Post Office, and other public buildings. No attempt was to be made to silence the navy guns. Our work on the navy was to be limited to the seizure of their HQ and an attempt to confuse orders. The Naval HQ presented little difficulty; it was usually guarded by one tired-looking Arab sailor, who could easily have been overcome by two or three men.

Col. Tostain's part was to visit the general late Saturday night, tell him what was coming off, and if he refused to join the resistance, he was to be arrested or shot and Tostain, chief of staff, was to take over command.

The group headed by [redacted] was to remove the detonators from the mined places in the road between Mers el Kebir and Oran. They succeeded in removing them from the long tunnel, but failed to get the two on the cliff road near Mers el Kebir. In the tunnel they took out two detonators and put in two false ones; when the plunger was pushed, nothing happened. However, the cliff road blew up. It was cleared for traffic in about four days. If they had blown the tunnel it would have taken months to clear.

Another group headed by [redacted] was to report for duty at the women's ambulance corps; their job was to proceed to various emergency landing fields with flares. Still another group headed by Vice-Consul Browne, who was accompanied by [redacted] went to a spot between Tarraroui airfield and La Senia airfield. Browne had a radio beacon and [redacted] had flares. Browne was to look after the beacon and [redacted] had charge of the flares. Browne's group was armed with 345's and one Sten gun.

Before I left Oran plans had been made for a hideaway HQ in the back of a garage; [redacted] had agreed to run a telephone line directly from division HQ to this garage, so that constant contact could be kept. For some reason which I do not know (I was not there) this plan was not followed.

Approved for Release
Date 05 JUN 1983

...and very fortunate in having made the acquaintance of a Frenchman who had fought and been wounded in World War I and

This Frenchman, while anti-British, was profoundly pro-American, and [redacted] had fought alongside of one of [redacted] divisions in the Argonne forest in 1918. His life was saved by an American Infantryman who carried him from an exposed position in the field to a first aid dressing station under heavy fire. I became acquainted with this former French officer in the summer of 1941 and after friendly relationships for two or three months, was able to win

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his confidence. Eventually he turned out to be a top voluntary agent and supplied information regarding [redacted] clandestine shipments of mineral ores. His help was invaluable. He would swear me to his apartment and disclose,

This was really inside information and Mr. Murphy acknowledged it as such after the Armistice by writing and thanking this Frenchman for his invaluable aid to our cause.

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Ik n # 1516
Dec 12

Approved for Release
Date 10-5-2011

I was well acquainted with a _____ industrialist who was

He had excellent security and had given proof of his loyalty to allied cause by furnishing me with documented information in the fall months of 1941 of all German purchases of metal in Morocco and the use they intended it for. This industrialist also supplied information on all maintenance repair work done at night time to an occasional crippled German submarine infiltrated into the harbor of Casablanca with the connivance of French naval authorities. ^(See Photostat next page) On approaching him relative to installing this wireless equipment in a secure place _____

_____ He fell into line at once and said he would be glad to furnish suitable cover for the installation. /

_____ He said it would be necessary to "employ" Ajax as a laborer: _____

He advocated having Ajax live on the premises the way some of the other hands were accustomed to do. _____

✓ No stones were left unturned to carry the part through in "John Barrymore style." The three of us went out two nights

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Item # 1517
Dec 13

Approved for Release
Date - 0-5-1983

The President of the United States of America awards
the National Security Medal to

MR. KERMIT ROOSEVELT

for distinguished achievement in the interest of our national
security and for an outstanding contribution to a program of
great importance to the country.

In a situation, grave and menacing to our security,
Mr. Roosevelt demonstrated the highest order of courage,
resourcefulness, and determination. When charged with
heavy responsibilities in which failure would have had most
serious international consequences, his perseverance and
professional competence resulted in the accomplishment of
a mission which was of significant value to his country and
to the free world. His achievement is in keeping with the
highest traditions of service to the United States and merits
the gratitude of his Government.

DWIGHT D. EISENHOWER

The White House
September 23, 1953

APPROVED FOR RELEASE
Date _____

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TO DATE THE NATIONAL SECURITY MEDAL HAS BEEN AWARDED
TO THE FOLLOWING PERSONS:

<u>Year</u>		<u>Medal #</u>
1953	Kermit Roosevelt	4
	Walter Bedell Smith	1
1954	Joseph N. Wenger	2
1955	Edward G. Lansdale	3
	William F. Friedman	6
1957	John Edgar Hoover	5
1959	William J. Donovan	7
1961	Robert D. Murphy	8
1962	Allen W. Dulles	9
1965	Richard M. Bissell, Jr.	10
1966	John A. McCone	11
	William F. Raborn, Jr.	13
1967	Frank B. Rowlett	12
	Desmond FitzGerald	14
	(posthumous)	
1973	Lawrence R. Houston	16
1974	Arthur C. Lundahl	15
1976	Louis W. Tordella	17
	William E. Colby	20
	John Parangosky	19
1977	Vernon A. Walters	22
	George Bush	23
	Robert Ellsworth	24
1978	Brent Scowcroft	25
1979	Leslie C. Dirks	29
1981	James R. Schlesinger	26
	Bobby R. Inman	39
1982	Stansfield Turner	38
	William O. Baker	28
	Ann Z. Caracristi	40
1983	Edwin H. Land	18
	Richard Helms	37
1984	Clarence L. Johnson	27
	John T. Hughes	30
	Lt.Gen. Bennett L.	
	Lewis USA (Ret.)	51
	Lt.Gen. Lincoln D.	
	Faurer USAF (Ret.)	52
1986	John N. McMahon	36
1988	Robert E. Rich	35
	Lt.Gen. Wm. E. Odom	55

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BY CABLE

REPORT NO. []

CD NO.

COUNTRY Iran

DATE DISTR. 3 October 1952

SUBJECT Possible Kashani-Tudeh Coalition

NO. OF PAGES 1

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THIS IS UNEVALUATED INFORMATION

SOURCE []

1. According to rumors current [] an agreement has been reached between Mullah Kashani and the Tudeh Party to replace Prime Minister Mossadeq with Kashani or his puppet, possibly within the next thirty days.
2. Mossadeq is fully aware of this plan but to date he has taken no measures to forestall it.
3. Faced with the threat of a Kashani-Tudeh coalition, Dr. Mozaffar Baghai's newspaper, Shahed, has given Mossadeq its unequivocal support. This represents a reversal of Baghai's policy which in the past weeks has been aligned more closely with Kashani than with Mossadeq.
- 3 4. Colonel Hasan Pakravan, Chief of the G-2 section of the Iranian Army, is seriously concerned by the rumors of a Kashani-Tudeh agreement, which he believes are well founded. He is of the opinion, however, that other prominent political figures in the National Front will follow Baghai's lead, and that the Army and the Shah are firmly committed to Mossadeq.

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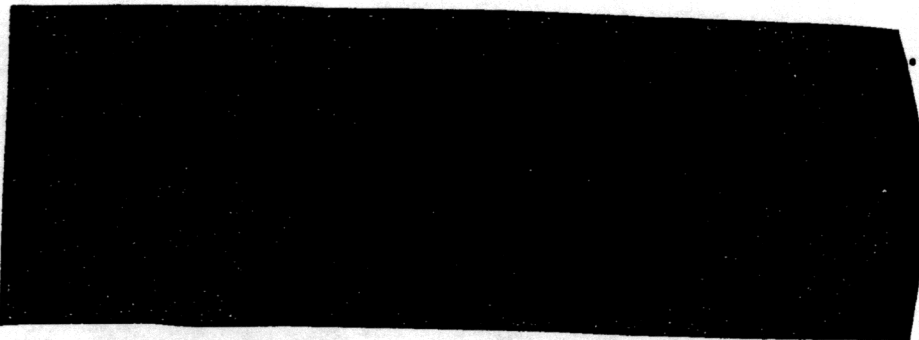
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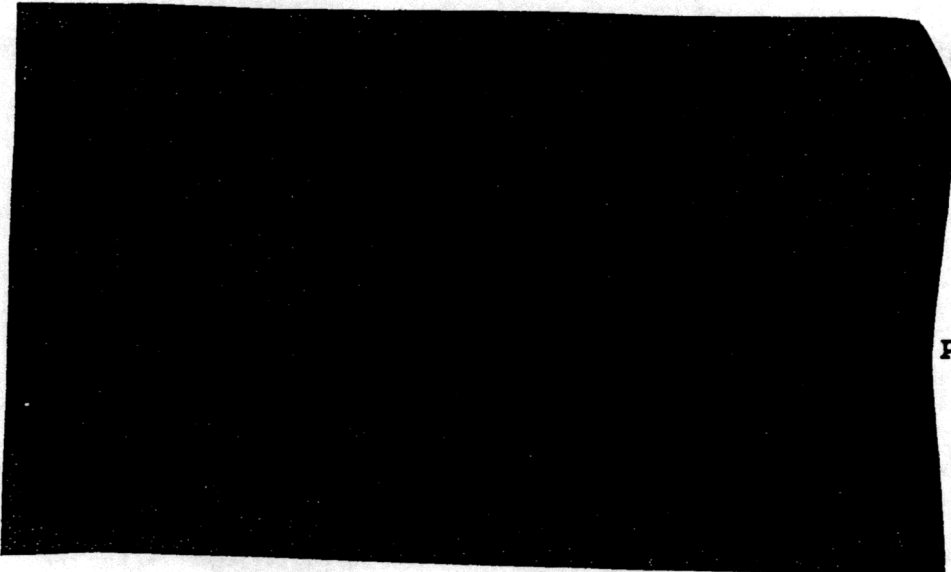
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THE TUDEH PARTY UNDER THE ZAHEDI REGIME. Page 9

Prime Minister Zahedi's anti-Communist campaign has impaired Communist morale in Iran and hampered activities of the Tudeh. However, only constant firm pressure on the Tudeh will prevent its re-emergence as a powerful group.

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SECURITY INFORMATION

THE TUDEH PARTY UNDER THE ZAHEDI REGIME

Prime Minister Zahedi's vigorous anti-Communist campaign has impaired Communist morale in Iran and hampered the activities of the Tudeh. Repressive efforts such as those now under way will have little more than a transitory effect unless in the months to come Tudeh activity is kept under constant government pressure.

Estimates of Tudeh strength vary widely and are at best informed guesses. There may be between 20,000 and 35,000 card-carrying members with an estimated hard-core of 1,000. Sympathizers may number between 170,000 and 400,000.

General Zahedi, fearing a widespread Tudeh outbreak against his government, moved to break the power of the Communists as soon as he took over. The police and army were alerted, Tudeh headquarters were raided, Tudeh printing presses were seized and incriminating documents captured. Rewards were offered for information leading to the capture of Tudeh cells and individual members. By mid-September over 1,300 suspects had been arrested. Many of them are presumed to be card-carrying members and some have been named as belonging to the party's top central committee.

The damaging effect of these actions on Tudeh morale is shown by reports from Tehran which indicate that there is growing dissension within the party over the proper tactics to be employed in the current crisis. Tudeh sources report increasing criticism of the party leaders by part of the rank and file who insist that the leaders do not appreciate conditions on the action level. Members are apparently balking at repeated party orders to continue even minor activity against the government. "Party responsables" are reluctant to continue distributing propaganda, and attendance at meetings has reportedly dropped off sharply.

There has been a nearly complete suspension of overt Tudeh activities. The Communist front press has ceased publication. Tudeh sources report that the party's arms training program stopped in late August.

Initial Tudeh efforts to form a united front with remnants of the pro-Mossadeq factions have apparently slackened, and captured party instructions indicate that the current emphasis is on securing the safety of members and property against further government attack.

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30 October 1953

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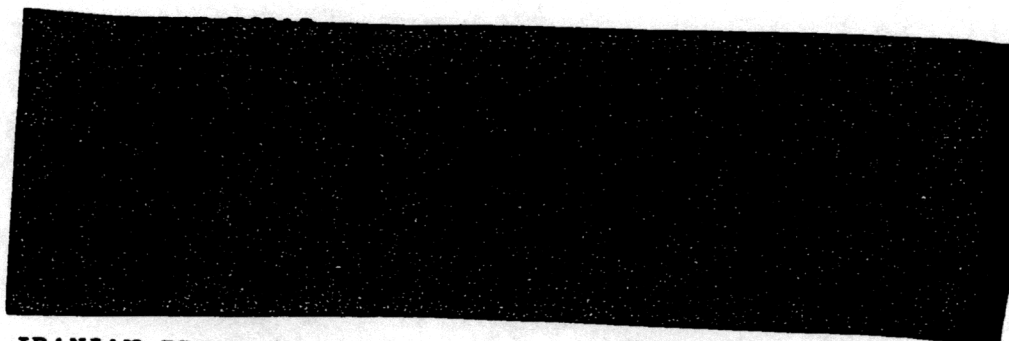
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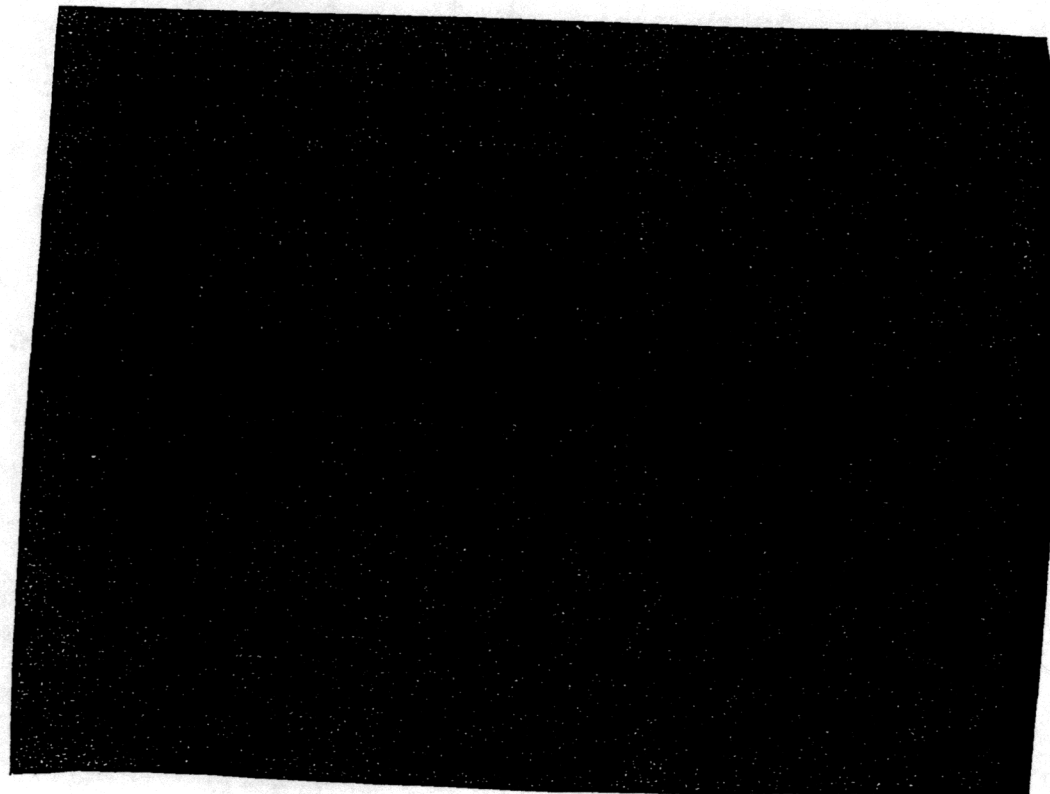


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IRANIAN PRIME MINISTER FACES INCREASING OPPOSITION . . Page 8

After two months in office, Prime Minister Zahedi is meeting more active and better-organized opposition, but there is still no evidence of a concerted drive to overthrow him.



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IRANIAN PRIME MINISTER FACES INCREASING OPPOSITION

After two months in office, Prime Minister Zahedi is meeting more active and better-organized opposition, but there is still no evidence of a concerted drive to overthrow him. The failure of the government to implement its announced program contributes to the popular discontent.

The Tudeh, although crippled by Zahedi's drive against it, is attempting to rally those groups which want to return former prime minister Mossadeq to power. Sabotage in the air force and the navy are credited to the party, but plans reportedly being discussed in the Tudeh for assassination and large-scale sabotage are probably designed primarily to bolster the morale of rank-and-file members. The Tudeh asserts that other pro-Mossadeq groups are ready to join it in a united front, and limited cooperation probably takes place for specific operations.

The 8 October strike which closed the bazaar for the day was probably a joint operation of the Tudeh and the non-Communist Bazaar Committee. The latter, composed of prominent pro-Mossadeq merchants, is continuing its agitation which reportedly is to include strikes, distribution of hand bills, bribery, and even assassination of Zahedi supporters.

Other groups participate from time to time in joint activities in support of Mossadeq. The National Restoration Movement, composed of former Majlis deputies who supported him, is allegedly interested solely in saving the former prime minister's life. The small right-wing Pan-Iran Party has also come out in support of Mossadeq and apparently can supply street gangs for strong-arm tactics.

Most of these groups have in common only the desire to see Mossadeq restored to power. Cooperation between them has so far been temporary and opportunistic.

Zahedi's main opposition from non-Mossadeq sources appears to come from the politically ambitious Dr. Mozaffar Baghai, Majlis deputy and leader of the inactive Workers Party. Iranian army chief of staff Batmangelitch and his two deputy chiefs are Baghai supporters and are allegedly involved in intrigues aimed at discrediting the Tehran military governor, the police chief, and the gendarmerie commandant, all of whom are loyal to Zahedi.

Batmangelitch has expressed the opinion that Iran's real hope lies in a coalition of Zahedi and Baghai. Baghai has not yet publicly opposed Zahedi, although he is reported to be seriously thinking of an open break. He has sharply criticized many of Zahedi's policies and warned that any oil settlement with the

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British must adhere strictly to the 1951 nine-point nationalization law. Zahedi believes himself competent to control any threat from this quarter.

The role of Mullah Kashani in the current political maneuvering is not clear. In mid-October he reportedly reorganized the National Front and pledged his support to the Bazaar Committee. Zahedi is believed to have had a secret interview with Kashani, however, and they may have made a deal. At any rate, there has as yet been no anti-Zahedi activity attributable to Kashani.

The prime minister, aware of his opposition, is hampered by the lack of an effective political organization. The Tehran military governor, leading an attempt to organize pro-Zahedi forces, has reportedly received the support of a large group of second-rank bazaar leaders who are organized as the Bazaar Club.

Zahedi also is handicapped by the support which the shah gives Batmangelitch. The monarch, assuming control of army appointments and promotions, has resisted attempts by Zahedi to get rid of the chief of staff. Future attempts along this line will probably also be opposed by the shah and will further strain relations between the two men, though a complete break is unlikely.

Zahedi's political position is weakened by delay in carrying out his announced program. The frequent postponement of Mossadeq's trial has brought criticism from many quarters and Zahedi has charged angrily that Batmangelitch is deliberately delaying the trial to discredit the government.

Iran's serious currency shortage and its slowness in planning the effective utilization of the \$45,000,000 emergency aid from the United States has made it impossible to implement the job-creating construction programs which the prime minister had promised. Similarly, Zahedi's lack of progress in settling the oil problem has produced increasing criticism. He is also handicapped by a lack of knowledge of the oil problem and by a realization that any negotiations with the British will lay him open to attack by ultranationalists.

The absence of a legal Majlis further obstructs the government. Zahedi has delayed dissolving the rump Majlis, apparently because the action will be opposed by the deputies still in office, although they do not constitute a quorum.

Although there is as yet no one sufficiently strong to try to replace Zahedi, his weakness makes it progressively more difficult to accomplish any of the reforms which are necessary if he is to stay in power and is an invitation to aspirants for his post. The collapse of his government would probably bring into power a regime which, if not pro-Communist, would be likely to try to follow a policy of anti-Western neutrality.

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Despite the immediate effect of the government campaign against Tudeh activities, there are signs that the present round-up may not prove any more effective in the long run than similar earlier repressions. The basic structure of the party is still intact. The purge of Tudeh members from the government ministries is reportedly being slowed by the ministers' insistence that they do not know which of their employees are Communists and that they therefore cannot act with despatch.

There is serious doubt that the Iranian army will succeed in permanently weakening the Tudeh. Current army plans for the speedy release of rank and file members and the decision to exile Tudeh captives to Luristan in southwestern Iran, a relatively unsettled province, are typical of past efforts to repress Communism. Such efforts have generally proved unsuccessful, primarily because the government underestimates the strength of Tudeh indoctrination.

The Communists' assertion that the government is unable and unwilling to improve the lot of the masses has a major appeal for the Iranian people. While both the shah and Zahedi apparently desire to improve living standards, they have inherited from Mossadeq not only an empty treasury but a weakened structure of constitutional government. Without funds, without plenary powers, and without a functioning Majlis, the prime minister is handicapped in efforts he may make toward social reform.

While in the long run the appeal of Communism to Iranians can be lessened by improving their economic and social position, constant and firm pressure by the military is the only procedure which holds promise of extended success in the near future.

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SECURITY INFORMATION

INFORMATION REPORT

BY CABLE

REPORT NO. []

CD NO.

COUNTRY Iran

SUBJECT Position of Prime Minister Mossadeq
in Possible Bid for Power by Mullah Kashani

DATE DISTR. 7 October 1952

NO. OF PAGES 1

DATE OF INFO. []

NO. OF ENCLS.
(LISTED BELOW)

PLACE ACQUIRED []

SUPPLEMENT TO
REPORT NO.

GRADING OF SOURCE						COLLECTOR'S PRELIMINARY GRADING OF CONTENT					
COMPLETELY RELIABLE	USUALLY RELIABLE	FAIRLY RELIABLE	NOT USUALLY RELIABLE	NOT RELIABLE	CANNOT BE JUDGED	CONFIRMED BY OTHER SOURCES	PROBABLY TRUE	POSSIBLY TRUE	DOUBTFUL	PROBABLY FALSE	CANNOT BE JUDGED
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THIS IS UNEVALUATED INFORMATION

SOURCE []

The following is the opinion of experienced American observers regarding the rumors concerning Mullah Kashani's plan to overthrow Prime Minister Mossadeq:

- On the basis of current information, it is probable that the bid for power by Iranian military leaders would be enmeshed with Mullah Kashani's plans for a constitutional change of Premier. The growing wave of rumors names Kashani as the instigator of the plot to replace Mossadeq. While General Fazollah Zahedi is most frequently mentioned as Kashani's choice for Prime Minister, Reza Bushiri, Bagher Kazemi, and Mozaffar Baghai also are mentioned. Without discounting the possibility that the military clique might ultimately make an unconstitutional bid to seize power, it is considered extremely improbable that such an attempt would succeed. This conclusion is based on the following arguments:
 - The Shah not only would not cooperate, but would work to prevent a coup.
 - None of the present military leaders is considered to have sufficient courage or prestige to rally adequate support.
- In spite of the many rumors concerning an impending change of government, which must be carefully weighed when mention of Kashani is made, Mossadeq is still the most powerful political figure in Iran and may not be on the way out.

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COUNTRY Iran
SUBJECT Tudeh Instructions Concerning Activities in Case of Anti-Mossadeq Coup
REPORT NO. []
DATE DISTR. 6 April 1953
NO. OF PAGES 1
REQUIREMENT NO. RD

DATE OF INFO. []

PLACE ACQUIRED []

REFERENCES

BY CABLE

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THE APPRAISAL OF CONTENT IS TENTATIVE.
(FOR KEY SEE REVERSE)

SOURCE: []

Tudeh Party weekly instructions for "this week" included the following:

1. Be on the alert for a possible coup d'état attempt by the Royal Court and the group in opposition to Mossadeq.
2. In case trouble develops, be ready to "protect" the Mossadeq Government because the Party does not yet deem circumstances favorable for seizure of power.
3. Agitate everywhere for a single anti-imperialistic front but avoid any statement which might tend to arouse the people against Mossadeq.

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COUNTRY	Iran	REPORT NO.	[]
SUBJECT	Contrast between Recent Shah-Mossadeq Demonstrations and Anti-Qavam Riots	DATE DISTR.	4 May 1953
DATE OF INFO.	[]	NO. OF PAGES	1
PLACE ACQUIRED	[]	REQUIREMENT NO.	RD
		REFERENCES	

THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
THE APPRAISAL OF CONTENT IS TENTATIVE.
(FOR KEY SEE REVERSE)

SOURCE: []

The most striking difference between the anti-Qavam riots of 21 July 1952 and the recent Mossadeq-Shah demonstrations was that among the latter demonstrations the groups supporting Mossadeq did not permit Tudeh Party members to join their ranks, even though one of the conditions of Tudeh cooperation was supposed to be Tudeh leadership of the demonstrations. The Party registered no success in its attempts to seize the leadership. For this reason, Tudeh leaders were "uneasy and nervous."

1. In this connection see []

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COUNTRY	Iran	REPORT NO.	[]
SUBJECT	National Resistance Movement Tract on Zuhedi Coup	DATE DISTR.	4 February 1954
DATE OF INFO.	[]	NO. OF PAGES	1
PLACE ACQUIRED	[]	REQUIREMENT NO.	RD
		REFERENCES	[]

THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
 THE APPRAISAL OF CONTENT IS TENTATIVE.

SOURCE: []

Attached is a translation of a tract distributed in Tehran during the last week of December 1953 and published by the National Resistance Movement, concerning the overthrow of the Mossadeq Government.

Encl: 1 tract (2 pages)

Distribution: Department of State on loan for 3 weeks
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(Note: Washington Distribution Indicated By "X", Field Distribution By "Z") FORM # 51-61 JANUARY 1953

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ANNOUNCEMENT #1: OFFICERS, NON-COMs, SOLDIERS OF THE NATION
READ AND PASS ON TO OTHERS

The treacherous activities of the coup makers have caused such agitation among the patriotic people that no one can remain silent. They know that if the nation ever dominates over them it will not even spare their families. Hence they are resorting to murder, theft and annihilation of lives and property to preserve their authority.

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It is, therefore, your duty to know your coup-making military agents. The coup plan started long ago, right after 30 Taser (21 July) of last year. The agents held meetings in Shirvan and Tehran, but after the national leaders split from the nation's rank, opposing our leader, Dr. Mossadeq, the hope of the traitors received support. A meeting was held in the U.S. Embassy in the presence of Col. Farzanehan (now Brigadier General and Minister of P.T.&T), Col. Akhavi (now Brigadier General and Assistant Chief of Staff), Lt. Col. Zand-Karizi, and an American colonel. Following this meeting, Eisenhower delivered a menacing speech. "We have begun our activities to change conditions in Iran." On 14 Mordad (5 August) the same group met in the U.S. Embassy and laid down their plan of action. Two days later they again met in Gen. Batrangelich's garden located at a point 19 kilometers on the road to Karaj, to inform him of their plans. The day for execution of the plan was set either on the day of the referendum or the day of the dissolution of the Majlis, and the Shah was informed. The Shah became nervous and left for Kalar Dasht, forcing postponement of the plan. During this period, the matter leaked out and Tudeh newspapers reacted. Since there was danger that the plan would be nullified, an American colonel immediately left for Kalar Dasht to see the Shah and persuaded

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him to sign two white documents (Firmans) which were given to Col. Nassiri on 22 Mordad (13 August). Events which occurred at night on 25 Mordad (15 August) were described in the newspapers. Col. Nassiri was arrested by Komtas' forces. At this point a trick of Lt. Col. Zand-Karizi prevented the recognition and arrest of other coup-makers; he telephoned the first Police Precinct and ordered the release of all soldiers who had left their barracks after midnight. Had Eiahi not been so negligent the following, who were not without knowledge of the plot, would have been replaced: Brig. Gen. Modbar, Police Chief; Col. Ashrafi, Military Governor; Brig. Gen. Siasi, G-2 Chief; and Brig. Gen. Daftari, Chief of Armed Customs Guard. These people wanted to be on both sides. If they had been replaced, the incidents of 28 Mordad (19 August) would not have occurred.

The core of this coup were five people: Col. Ruhani, Lt. Col. Azmudeh, Lt. Col. Khosrow Panah, Lt. Col. Shahr bani Haridi, and Brig. Gen. Yazdanpanah.

Azmudeh shamelessly shouted that Dr. Mossadeq made the coup on the night of 25 Mordad. Aren't these explanations sufficient for the existence of an anti-national coup?

(The remainder of the announcement claims that the National Resistance Movement will again resurrect Iran and urges the military to be prepared for another revolution.)

The announcement is signed by the "Commanding Officers' Staff of the National Resistance Movement."

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COUNTRY Iran
SUBJECT Fears of Tehran Merchants Concerning the Tudeh Party

REPORT NO. []
DATE DISTR. 20 July 1953
NO. OF PAGES 1
REQUIREMENT NO. RD

DATE OF INFO. []

PLACE ACQUIRED []

BY CABLE

THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
THE APPRAISAL OF CONTENT IS TENTATIVE.
(FOR KEY SEE REVERSE)

SOURCE: []

Tehran merchants are "extremely worried" by the implications of the powerful showing of the Tudeh Party on 21 July 1953.¹ The general attitude is one of fear that Prime Minister Mossadeq has ventured too far in dealing with leftists and that Iran is slipping behind the Iron Curtain.

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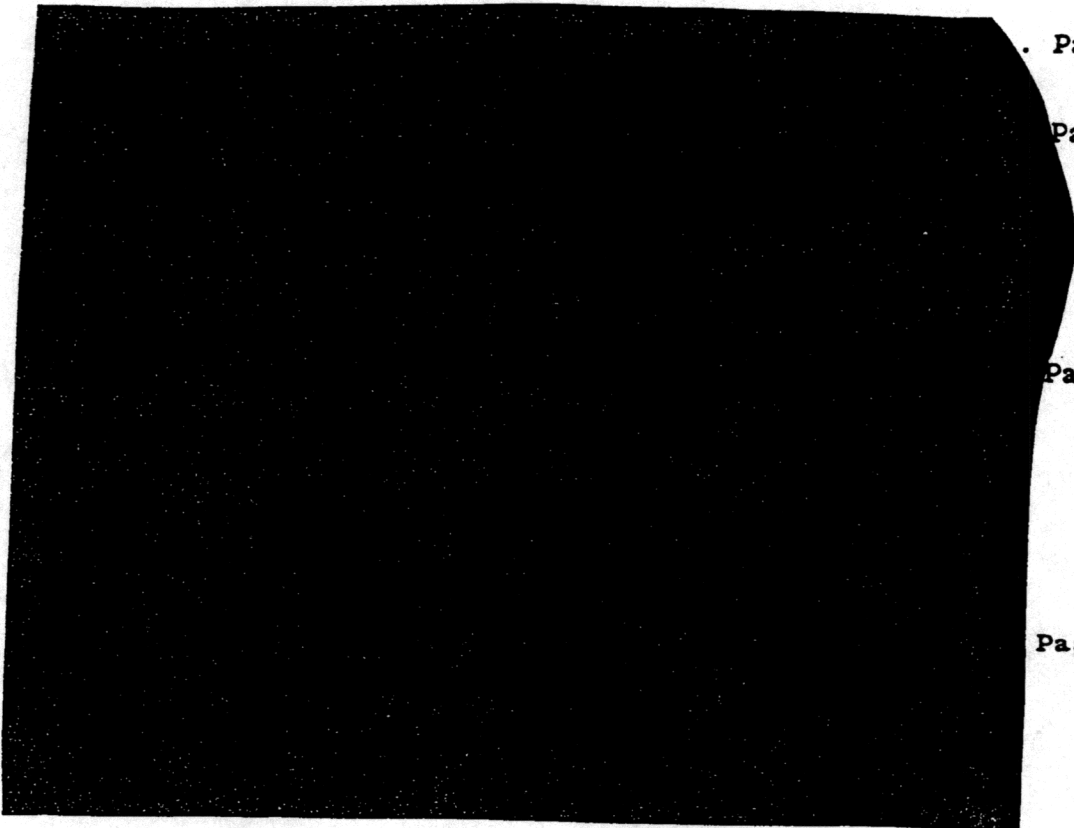
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POLITICAL PROSPECTS IN IRAN Page 13

Approval of Mossadeq's unconstitutional plan to dissolve the present Majlis is expected in the nationwide referendum being held in Iran. General elections are then to follow, but there probably will be considerable delay.

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POLITICAL PROSPECTS IN IRAN

Approval of Prime Minister Mossadeq's unconstitutional plan to dissolve the present Majlis is expected in the nationwide referendum which is to be completed in Iran on 10 August. The Tehran area, which voted on 3 August, has already given overwhelming support to the proposal. The prime minister has publicly stated that general elections will be held, but there probably will be considerable delay.

Mossadeq decreed that the referendum would be by a non-secret ballot. Since voters must include full identification on their ballots, there is little doubt that the referendum will approve dissolution of the Majlis, the constitutional prerogative of the shah.

Mullah Kashani and other opposition leaders have called for a boycott of the referendum. Abstention, however, will not block Mossadeq, as he has the vote of his own followers and the full support of the Tudeh. A report from Tehran on 2 August indicates that a Tudeh front organization has been given 50,000 "white" ballots, used by those voting for Mossadeq's measure.

Mossadeq has promised elections for a new Majlis following the referendum, but normally several months are needed to conduct the actual balloting. Rigged elections are standard practice in Iran. During the last elections, the Mossadeq government used both legal and illegal means to ensure victory for its candidates, yet it did not secure complete control of the legislative body. There is nothing in the situation today suggesting that Mossadeq could secure the election of a more docile Majlis.

Though the Tudeh is supporting the prime minister in the referendum, in a parliamentary election it would run its own candidates against Mossadeq and some would probably be successful. In a new Majlis, if and when assembled, Mossadeq accordingly would find himself faced with a small but militant Tudeh bloc, as well as a rightist opposition, whose election he could not entirely prevent.

Tribal chiefs, army officers, the landed gentry, and the supporters of Mullah Kashani could, if united, defeat Mossadeq. In the rural districts where Communists are increasing their activities, the landlords still control most of the peasant

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vote. Many of their candidates could be defeated only through wholesale terrorism on the part of the pro-Mossadeq forces.

Thus, Mossadeq might increase his own support in a new Majlis, but the anticipated Tudeh and conservative opposition would not lend themselves to easy manipulation. The Tudeh would probably support his anti-Western policies, prod him on to more extremist action, awaiting the day when it could take over. Tudeh representation in a Mossadeq cabinet is not an impossibility.

Faced with the prospects of a new Majlis not fully subservient, Mossadeq will accordingly tend to procrastinate on the elections. Aware, however, that the expiration in January of the powers voted him by the Majlis will remove the last vestiges of legality from his position, he will probably call for elections at the last possible moment.

The prime minister's flagrant violation of the secret ballot in the referendum seems to indicate uncertainty over his actual popular backing, although he insists that the people will support him fully. The considerable conservative and rightist plotting to remove him may increase in the coming months, particularly if he takes more arbitrary action.

IRAN (1953)

*Redacted Version - Released
to National Security Archive
(November 2000)*

**(U) "ZENDEBAD, SHAH!":
THE CENTRAL INTELLIGENCE AGENCY
AND THE FALL OF IRANIAN PRIME MINISTER
MOHAMMED MOSSADEQ, AUGUST 1953**

Scott A. Koch

**History Staff
Central Intelligence Agency
Washington, DC
June 1998**

**CL BY: 2176075
CL REASON: 1.5(c,d)
DECLAS ON: X1, X5
DRV FROM: LIA 3-82, MET 31-87**

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(U) Source and Classification Note

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(U) I have also examined relevant records from the Department of State, the Department of Defense, and the National Security Agency. These records were not as plentiful or as helpful as I had hoped. I was nonetheless able to fill in some gaps with documents from these organizations. The vast majority of surviving documents on the operation itself remain with CIA, but for the reasons provided below even these are not as numerous as one might expect

[

5 (U) Copies of cables sent [] during the operation also were among the files the Division destroyed in its attempt to gain more filing space. At the time, the copies were already nine years old and no one thought that they were important. A record copy may have remained in the Agency's former Cable Secretariat for some time, but such records too have long since disappeared in routine house cleanings. An extensive search of CIA's archives has failed to uncover any surviving copies.

early 1980s, CIA's History Staff prepared transcripts of these documents and sent them to the Department of State's Office of the Historian, then researching a volume of the *Foreign Relations of the United States* series. There is every reason to believe that these transcripts, produced under the supervision of a professional historian, are authentic. The matters in the transcripts correspond in sequence and subject with events as we know them.

(U) The microfilm itself apparently has been destroyed, in accordance with National Archives and Records Administration (NARA) guidelines. According to NARA, the microfilm had to be kept for 20 years and then could be destroyed. The record of destruction had to be kept for five years, at which point it too could be destroyed.

□

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(U) Some readers may think that this study is over-classified, but many of the crucial documents are still top secret after almost 50 years. Since this handful of documents contains information critical to the story, I have decided to use the material they contain even if it means restricting the potential readership.

Scott A. Koch
1 June 1998

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Chapter 1

(U) Iran and the United States to 1951

(U) During the height of the Cold War in the 1950s, Washington considered the Middle East in general and Iran in particular to be among the great strategic prizes in the geopolitical and ideological struggle against the Soviet Union. It was not always so. For almost 175 years, American policymakers ignored Iran because they had no reason to do otherwise.

(U) That changed during World War II and the immediate postwar years. During the war, Iran was an important route for American aid to the Soviet Army, engaged in a life-or-death struggle with Hitler's *Wehrmacht*.¹ Soviet troops remained in northern Iran immediately after the war, encouraging pro-Communist separatist regimes in Iranian Azerbaijan and in the Kurdish region. For a time it appeared to Washington that Moscow would demand the "unification" of Iranian Azerbaijan with Soviet Azerbaijan, but this problem evaporated once Stalin understood that the United States would not permit such an aggressive move.²

(U) The United States would have preferred to withdraw from the Persian Gulf after the end of World War II, but the postwar British retreat and retrenchment "East of Suez" created a vacuum that the US felt obligated to fill. After London announced that it could no longer supply military and economic aid to Greece and Turkey, President Harry Truman publicly declared in March 1947 that the United States would support free peoples everywhere, "resisting attempted subjugation by armed minorities or by outside

¹(U) Eventually, almost a quarter of American aid for the Soviet Union came through Iran. Convoys using more northern routes lost about 20% of their cargoes to the Nazis; only 8% of cargoes sent to the Persian Gulf for shipment through Iran were lost. See, Gerhard L. Weinberg, *A World at Arms: A Global History of World War II* (Cambridge: Cambridge University Press, 1994), pp. 284, 404.

²(U) See, Daniel Yergin, *Shattered Peace: The Origins of the Cold War and the National Security State* (Boston: Houghton Mifflin Company, 1977); Adam B. Ulam, *Expansion and Coexistence: Soviet Foreign Policy, 1917-73*, 2d ed. (New York: Holt, Rinehart and Winston, Inc., 1974); and John Lewis Caddis, *The United States and the Origins of the Cold War 1941-1947* (New York: Columbia University Press, 1972) for a discussion of the Azeri crisis in early 1946.

pressures.³ For Iran, the Truman Doctrine—as this pledge came to be known—meant that the **United States** was replacing Britain as the main geopolitical counterweight to the Russians.

(U) For the first three years after President **Truman's** declaration, the **United States** paid relatively little attention to Iran even though that oil-rich country was experiencing serious economic problems, widespread discontent with the government, and growing agitation by the Tudeh—Iran's Communist Party.

(U) Even without the most basic intelligence on Iran, two elements drove American foreign policy in the post-war Persian Gulf region: oil and the fear that political instability might jeopardize **Western** access to oil. Ever since Shah Muzaffar al-Din

³(U) *Public Papers of the Presidents of the United States, Harry S. Truman* (Washington, DC, 1947), p. 170.

granted William Knox D'Arcy an oil concession covering three-fourths of Persia (as Iran was known until 1935), Iranian oil had helped fuel the British economy in peace and war.⁸ The United States was then producing enough oil for its needs, but it knew that Western Europe depended on oil exports from the Middle East. In January 1951, nine months after Hillenkoetter's letter to Acheson, the Central Intelligence Agency's Office of National Estimates (ONE) wrote that the British economy would suffer if it lost Iranian oil. The loss of *all* Middle Eastern oil, ONE said, would have profound and far-reaching consequences for the economies of the Western bloc.⁹

(U) Political instability in the Middle East and the Gulf region threatened the continuing supply of oil to the West

Before the Cold War, the domestic politics of what later came to be called the Third 'World had made no impact on American foreign policy decisionmaking. During the Cold War, Washington could not afford the luxury of indifference because doing so would spur Soviet intrigue. Domestic politics almost anywhere abroad—and especially in strategically valuable areas—became important arenas for the international ideological struggle between East and West. Washington was determined to win this struggle through policies promoting long-term democratization. The result, American officials hoped, would be stability—and victory.

(U) Twisting the British Lion's Tail: Mohammed Mossadeq Nationalizes the Anglo-Iranian Oil Company

(U) An Islamic fundamentalist assassinated Iranian Prime Minister General Ali Razmara on 7 March 1951.¹¹ Razmara's death set in motion a series of events that were to bring American and British officials face to face with Mohammed Mossadeq, one of the most mercurial, maddening, adroit, and provocative leaders with whom they had ever dealt.¹²

⁸(U) One of the reasons the British Government eventually took over D'Arcy's concession when he ran into financial difficulties was to ensure a secure supply of oil for the Royal Navy. See, Daniel Yergin, *The Prize: the Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 1991), pp. 137, 140-42, 151.

⁹(U) NIE-14, 8 January 1951, *The Importance of Iranian and Middle East Oil to Western Europe Under Peacetime Conditions*, pp. 1-2. CIA estimated that if all Middle Eastern oil were lost, the non-Soviet world would have to impose an immediate and mandatory 10% cutback in consumption. In that event, the United States would have to implement rationing even though domestic production in those days met its own needs.

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(U) Mossadeq's immediate concern was a struggle for control of the Anglo-Iranian Oil Company (AIOC). By 1950 the British oil concession in Iran, which the Shah had renewed in 1949, was a sore point in relations between the two countries. In March 1951, when Mossadeq was a member of the Majlis (the Iranian Parliament), he submitted a bill, which the Majlis quickly passed, nationalizing AIOC. He signed the bill into law on 1 May 1951, just three days after the Shah appointed him Prime Minister. Nationalization went into effect on 2 May 1951 and was made retroactive to 20 March 1951.

(U) AIOC's nationalization brought Mossadeq and Iran into immediate conflict with Britain. The British government owned half of AIOC's stock and did not intend to let Mossadeq nationalize its assets without adequate compensation as required under international law.¹⁴

(U) Britain Responds to "The Antics of Incomprehensible Orientals"

(U) The two countries tried to resolve the dispute, but differing negotiating styles and the personalities involved hindered these efforts. Many Britons found Mossadeq's seemingly impossible demands and unpredictably shifting arguments inexplicable. L.P. Elwell-Sutton captured the mood of British policymakers at the time when he wrote, 'Really, it seemed hardly fair that dignified and correct western statesmanship should be defeated by the antics of incomprehensible orientals.'¹⁵

(U) Mossadeq found the British evil, not incomprehensible. He and millions of Iranians believed that for centuries Britain had manipulated their country for British ends. Many Iranians seemed convinced that British intrigue was at the root of every domestic misfortune. In 1951 Mossadeq told US Special Envoy W. Averell Harriman, "You do not know how crafty they [the British] are. You do not know how evil they are. You do not know how they sully everything they touch." Harriman protested that surely the British

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¹⁵(U) L.P. Elwell-Sutton, *Persian Oil: A Study in Power Politics* (London: Lawrence and Wishart Ltd., 1955), p. 258.

were like people everywhere; some bad, some good. Mossadeq was not persuaded. "You do not know them," he insisted. "You do not know them."¹⁶

(U) When it seemed clear that Tehran had no intention of compensating London for AIOC's assets, the British mounted a multi-pronged effort to reassert control over the company. They hoped legal and economic pressure would convince Mossadeq to settle on British terms. If not, they were prepared to force him from office and replace him with someone open to compromise on terms favorable to the AIOC.

(U) London first asked the International Court of Justice to arbitrate the dispute. Mossadeq rejected two British proposals because neither of them addressed the issue of Iran's sovereignty over its own oil. The British thereafter refused to deal directly with Mossadeq. They used economic weapons and then tried ostentatious military maneuvers in the Persian Gulf to try to weaken Mossadeq's negotiating position.

(U) In September 1951, Britain placed an embargo on shipments of steel, sugar, iron, and oil-processing equipment shipments to Iran—that is, on almost anything that the Iranians could exchange for dollars. The AIOC laid off 20,000 oil workers at the port at Abadan and Mossadeq had to put them on the government payroll. Gradually, the flow of Iranian oil to the rest of the world stopped.

(U) A British airborne brigade arrived in Cyprus and a Royal Navy cruiser and four destroyers exercised near the oil facilities at Abadan. The display of British force did not intimidate Mossadeq; he announced that the first shot would start a world war.

(U) Britain also considered covert action options while it maneuvered diplomatically and militarily. According to C.M. Woodhouse, MI6's Chief of Station in Tehran, the idea of overthrowing Mossadeq came from the Foreign Office, not British intelligence. Woodhouse himself thought that any move against Mossadeq had to have American support and participation. London had neither until the inauguration of President Dwight Eisenhower in January 1953.¹⁷

¹⁶(U) Vernon A. Walters, *Silent Missions* (Garden City, N.Y.: Doubleday, 1978), pp. 247-48.

¹⁷ (U) C.M. Woodhouse, *Something Ventured* (London: Granada, 1982), pp. 110-111.

(U) Mossadeq Challenges the Shah

(U) At the same time that he was quarreling with the British, Mossadeq also was struggling against the Shah. He insisted that the Shah should reign and not rule. To that end, he worked to enhance the power of the Majlis at the Shah's expense. The flash point came in July 1952, when Mossadeq resigned during a dispute over whether the Shah or the Prime Minister should appoint the war minister.

(U) During the elections for the 17th Majlis earlier in the year, vote-tampering by the Iranian Royal Court had convinced Mossadeq that the government's survival depended on control of the military. On 16 July he demanded the right to appoint himself minister of war. The Shah refused and Mossadeq resigned.¹⁹ Mossadeq appealed directly to the public and accused the Shah of violating the Constitution.

(U) Mossadeq's resignation initially appeared to be a shrewd political move that underscored his mastery of Iranian politics and his ability to gauge and exploit public opinion. The Shah appointed Ahmad Qavam, Prime Minister during the Azeri crisis with the Soviet Union in 1947, to succeed Mossadeq. In response, the National Front, a broad coalition formed in 1949, organized mass demonstrations in Tehran demanding Mossadeq's return. The demonstrations turned violent—69 people died and more than 750 were injured—but the Shah refused to use the police or the military to restore order. Qavam lacked broad support and was unable to organize counter-demonstrations. For five days the National Front controlled the streets of Tehran and other cities. On 21 July 1952 the Shah bowed to the pressure and replaced Qavam with Mossadeq.²⁰

(U) Once back in power, Mossadeq struck back at the Shah and the military. He transferred Reza Shah's lands back to the State, appointed himself Minister of War, forced the Shah's twin sister Princess Ashraf to leave the country, and forbade Mohammed Reza Pahlavi from communicating directly with foreign diplomats. By May

¹⁹(U) M. Reza Ghods, *Iran in the Twentieth Century: A Political History* (Boulder, CO: Lynne Rienner Publishers, 1989), p. 186. Mossadeq wrote

I cannot continue in office without having the responsibility for the Ministry of War, and since Your Majesty did not concede to this, I feel I do not enjoy the full confidence of the Sovereign and, therefore, offer my resignation to pave the way for another government which might be able to carry out Your Majesty's wishes.

(U) Sepehr Zabih, *The Mossadegh Era* (Chicago: Lake View Press, 1982), p. 40.

²⁰(U) Ibid., p. 265. The National Front was a loose coalition of political parties professing liberal democratic aims and opposing foreign intervention in Iranian affairs. The National Front included the leftist, anti-Soviet intellectuals of the Iran Party; the workers and leftist intellectuals of the Toilers' Party; and the workers, bazaar merchants, and Islamic clergy of the Mujahadeen-i-Islam (Warriors of Islam) Party. Ayatollah Abul Quassem Kashani, later instrumental in the coup against Mossadeq, was one of the leaders of the Warriors of Islam. The ultranationalist Pan-Iranist Party, affiliated with the National Front but not a member, included many lower class toughs. The Tudeh (Iranian Communist Party) was not a member of the National Front but included itself among the parties opposing the government. Mark J. Gasiorowski, "The 1953 Coup d'etat in Iran," *International Journal of Middle East Studies* 19 (Aug. 1987): 262.

1953, according to Iranian specialist Ervand Abrahamian, "the shah had been stripped of all the powers he had fought for and recovered since August 1941."²¹

(U) The Prime Minister also seized the opportunity to purge the Iranian officer corps. He forcibly retired many Royalist officers, and cut the military budget 15%. To add to the insult, Mossadeq transferred 15,000 men from the military to the Gendarmerie, the military's bureaucratic rival. These acts fueled smoldering resentment among the dismissed ~~officers~~ and those few royalists escaping Mossadeq's purge.²²

(U) Mossadeq used his popularity and ability to control the streets of Tehran to good advantage. When the British appeared intransigent during the oil negotiations, he simply severed diplomatic relations in October 1952. All British personnel left the country in an overland exodus at the beginning of November 1952.²³

(U) Mossadeq's apparent political triumph rapidly turned sour. The National Front began to unravel in late 1952 and early 1953 as the Prime Minister grew increasingly dictatorial. By November 1952, Ayatollah Abul Quassem Kashani, a key Islamic cleric in the National Front, had turned against Mossadeq and quit the Front, as had Mozaffar Baqai's Toilers' Party. Kashani's defection was a particularly hard blow because his group, the Warriors of Islam, included the bazaar merchants of Tehran and many mullahs (Islamic clerics). Support from these two groups historically has been critical to Iranian governments.²⁴

(U) The reasons for the defections were complex. Although 30 of the 79 deputies of the 17th Majlis, convened in February 1952, belonged to or identified with the National Front, they represented different constituencies and interests were united only in their opposition to the British. In addition, nationalization of the ~~AIOTC~~ did not produce the bonanza for Iran that Mossadeq had hoped it would. He began to demand more and more power from the Majlis, and when the legislature granted the Prime Minister what amounted to dictatorial powers, Ayatollah Kashani resigned as Majlis speaker. Toilers' Party leader Mozaffar Baqai compared Mossadeq to Hitler and praised the army as a bulwark against Communism.²⁵

(U) Some groups in the National Front continued to back Mossadeq. The Iran Party still supported him, as did the Third Force, a splinter group expelled from the Toilers' Party.²⁶ The Prime Minister also could still count on the backing of the Qashqai

²¹(U) Ervand Abrahamian, *Iran Between Two Revolutions* (Princeton, NJ: Princeton University Press, 1982), pp. 272-73.

²²(U) Ibid., p. 273.

²³ (U) Before leaving the country, C.M. Woodhouse ensured that all British contacts, like the Rashidian Brothers, would remain active. Roger Goiran helped him. Woodhouse, p. 116.

²⁴ (U) Manucher Farmanfarmaian in his memoirs describes the bazaar and the relationship of its merchants with the mullahs. "It [the bazaar] was a world unto itself, impregnable to the army, which could not easily enter its labyrinthine alleys. The leaders of the bazaar were weighty men, often tightly allied with the mollahs, and they could start riots or shut down the bazaar to instant political effect." Manucher Farmanfarmaian and Roxane Farmanfarmaian, *Blood and Oil: Memoirs of a Persian Prince* (New York Random House, 1997), p. 36.

²⁵(U) Abrahamian, pp. 269, 277; Gasiorowski, p. 269.

²⁶(U) Abrahamian, p. 277; Gasiorowski, p. 269.

tribes and—more ominously—the Tudeh, Iran's Communist ~~Party~~. As support for Mossadeq narrowed, the Tudeh would soon be the only group willing to take to the streets on his behalf

(U) Ayatollah Kashani's defection and increased squabbling among the deputies effectively paralyzed the Majlis. Opposition politicians—including former Mossadeq allies like Kashani—blocked the Prime Minister's legislation. In early June 1953, fistfights broke out in the Majlis. The Prime Minister won a temporary victory when Abdullah Moazemi, a Mossadeq supporter, succeeded Kashani as speaker in a close Majlis vote (41 to 31) on 1 July 1953. Mossadeq recognized, however, that the Majlis was hopelessly deadlocked and that dissolution and new elections were necessary to break the stalemate.²⁷

(U) Under the Iranian constitution only the Shah could dissolve the Majlis. The government could request him to do so. Mossadeq knew the Shah would not agree to such a proposal, so he devised a plan to achieve the same end. He asked all National Front members and supporters to resign, which they did, and simultaneously announced the dissolution of the Majlis. The Iranian people, he held, could ratify or reject his decision in a referendum on the theory that popular will superseded the constitution. Iranian scholar Ervand Abrahamian has noted the irony in Mossadeq's rationale. "Mossadeq, the constitutional lawyer who had meticulously quoted the fundamental laws against the shah," Abrahamian wrote, "was now bypassing the same laws and resorting to the theory of the general will."²⁸

(U) From 3 to 10 August 1953, Iranians voted on Mossadeq's bold and unconstitutional act. The results of the rigged election were never in doubt. Mossadeq purposely excluded rural areas from the balloting, ostensibly because it would take too long to count the votes from remote areas. The ballot was not secret, and there were separate polling places for "yes" and "no." In the end, Mossadeq claimed victory, gaining "over 2,043,300 of the 2,044,600 ballots cast throughout the country and 101,396 of the 101,463 ballots cast in the capital."²⁹

(U) The dissolution of the Majlis and the tainted referendum alienated Iranian liberals and conservatives alike. Jamal Imami, a pro-British member of the Majlis, warned that Mossadeq was leading the country toward anarchy. Ayatollah Kashani declared the referendum illegal under Islamic religious law. At his trial in late 1953, Mossadeq defended his actions on the grounds of popular sovereignty. "In view of the Royal Court's flagrant interference in the electoral process, we had to suspend the

²⁷(U) Mark J. Gasiorowski, *U.S. Foreign Policy and the Shah: Building a Client State* (Ithaca, NY: Cornell University Press, 1991), p. 75.

²⁸(U) Abrahamian, p. 274; M. Reza Ghods, *Iran in the Twentieth Century: A Political History* (Boulder, CO: Lynne Rienner Publishers, 1989), p. 187.

²⁹(U) Zabih, p. 111; Abrahamian, p. 274. See also, Homa Katouzian, *Musaddiq and the Struggle for Power in Iran* (New York: I.B. Tauris & Co. Ltd.), pp. 187-88. In an interview appearing in the 22 August 1962 issue of *Deutsche Zeitung*, Mossadeq admitted that he dissolved the Majlis to avoid a confidence vote that would have caused his government to fall

remainder of the Majlis elections," he told the court. "What else was left to us but consulting the people in a most democratic method of direct plebiscite?"³⁰

(U) A US Embassy assessment cabled to Washington shortly after the referendum stated that the dissolution of the Majlis "will graphically demonstrate truism of [Mossadeq's] regime that as opposition and discontent have mounted, Mossadeq has moved steadily in authoritarian direction using technique of mobocracy to maintain his hold on power and to eliminate influence Shah." Nonetheless, the Embassy thought Mossadeq's continued appeals to the street could boomerang because he lacked "any real authoritarian organization aside from armed forces." To compensate, according to the Embassy, he would be forced to rely increasingly on the Tudeh, thereby alienating the non-Communist followers of his Government.³¹

(U) Mossadeq Looks for American Support

(U) Mossadeq hoped for US support in his struggle against the British. Like many in the Third World immediately after World War II, he saw the United States as an anti-colonial power. His hopes were not entirely misplaced; the Truman administration saw some merit in his position.

(U) Secretary of State Acheson thought that the British were overly preoccupied with their oil interests and that London did not fully understand the broader Communist threat. He saw Mossadeq as a potentially important part of the solution to the problem of Soviet influence in the Middle East. In Acheson's view, the Iranian Prime Minister would in time become an effective bulwark against Soviet penetration into Iran. To that end, Washington consistently urged London to reach an equitable settlement with Tehran. Acheson apparently was convinced that an agreement would strengthen the Iranian government and promote regional stability.³²

(U) Other considerations, however, complicated the Truman administration's approach. The United States was loath to side publicly with Iran or put excessive pressure on London. Washington needed cooperation and support from Britain—America's closest ally—elsewhere in the world. The war in Korea was not yet over, and the presence of British combat troops was an important symbol of Anglo-American solidarity. The North Atlantic Treaty Organization (NATO), created in 1949, was still in its formative stages and depended upon British participation as evidence of Western unity

³⁰(U) Ghods, p. 188; Zabih, pp. 112-13. For Kashani's views on the Shari'a, see Katouzian, *Musaddiq and the Struggle for Power in Iran*, p. 187.

³¹(U) Department of State Cable from Tehran to Secretary of State, No. 300, 12 August 1953. National Archives and Records Administration Record Group 319, Entry 57, box 27.

³²(U) Acheson criticized "the unusual and persistent stupidity of the [Anglo Iranian Oil] company and the British Government" when it came to Iran. See, Dean Acheson, *Present at the Creation: My Years in the State Department* (New York: W. W. Norton & Company, Inc., 1969), p. 501, quoted in Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 1991), p. 453. Richard W. Cottam, *Iran & the United States: A Cold War Case Study* (Pittsburgh: University of Pittsburgh Press, 1988), p. 102.

and determination. Vigorous American support for Mossadeq would have complicated American foreign policy in other parts of the world as well.

(U) President Truman had no patience with those refusing to view the Anglo-Iranian problem in a global context. When the US Ambassador to ~~Tiran~~, Henry Grady, wrote to Truman complaining that the White House was not listening to his advice, the President let him know exactly where he stood. "Let me tell you something about the Iranian Situation from this end," he wrote.

(U) [we] held Cabinet meetings on it—we held Security Council meetings on it, and Dean, Bob Lovett, Charlie Sawyer, Harriman and all the senior staff of the Central Intelligence discussed that awful situation withmetimeandagain. . . . We tried . . . togettheblockheaded British to have their oil company make a fair deal with Iran. No, they could not do that. They know all about how to handle it—we didn't according to them.

(U) We had Israel, Egypt, Near East defense, Sudan, South Africa, Tunisia, the NATO treaties all on the fire. *Britain and the Commonwealth Nations were and are absolutely essential if these things are successful.* Then, on top of it all we have Korea and Indo-China. Iran was only one incident. Of course the man on the ground in each one of these places can only see his own problem.³³

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³³(U) Farhad Diba, *Mohammad Mossadegh: A Political Biography* (London: Croom Helm, 1986), pp. 131-32, citing papers of Henry Grady. *Emphasis added*

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(U) In February 1921, Persia, as Iran was then known, and the Russian Soviet Eeaerated Socialist Republic (RSFSR) [the USSR did not exist until December 1922] signed a treaty of friendship. Article VI gave the RSFSR the right to send troops into Persia if a third party tried to use that country as a base from which to attack Soviet Russia. Russian troops would cross the border only if Persia proved incapable of removing the threat itself. In an exchange of explanatory notes in December 1921, the Russians made clear that the treaty applied "only to cases in which preparations have been made for a considerable armed attack upon Russia . . . by the partisans of the regime which has been overthrown [the Tsarist Government] or by its supporters" Leonard Shapiro, ed., *Soviet Treaty Series: A Collection of Bilateral Treaties, Agreements and Conventions, Etc., Concluded Between The Soviet Union and Foreign Powers*, vol. 1, 1917-1928 (Washington, DC: The Georgetown University Press, 1950), pp. 92-94, 150-51.

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(U) Although the documents in CIA's files do not indicate that Smith relayed Langer's concerns to President Truman, he evidently did so because the administration subsequently let London know that the US Government disapproved of ~~any military~~ action against Iran. At a British cabinet meeting in September 1951, the government of

(U) Strictly speaking, the **USSR** could not have invoked Article **VI** if a small British force occupied Abadan in 1951. Abadan is far from the Soviet-Iranian border and the few troops the British contemplated sending could not have made a "considerable ~~armed~~ attack" upon Soviet forces. Nonetheless, there is no doubt that the **USSR** would have found some pretext to occupy northern ~~Iran~~ had Stalin desired.

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Prime Minister Clement Attlee decided that it "could not afford to break with the United States on an issue of this kind."³⁹ A potential military crisis had passed.

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³⁹(U) H.W. Brands, *Inside the Cold War: Loy Henderson and the Rise of the American Empire, 1918-1961* (New York: Oxford University Press, 1991), p. 234.

⁴⁰(U) Henry A. Byroade, Assistant Secretary of State for Near Eastern, South Asian, and African Affairs; John D. Jernegan, Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs; Charles E. Bohlen, Counselor of the Department of State and member of the Senior Staff, National Security Council; Robert P. Joyce, Policy Planning Staff, Department of State.

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(U) As of November 1952, CIA's Office of National Estimates thought that Mossadeq would remain in power for the near future and that a Tudeh coup was unlikely. According to an ONE estimate, if the unrest plaguing Iran in 1952 continued through 1953, "rising internal tensions and continued deterioration of the economy and of the budgetary position of the government might lead to a breakdown of government authority and open the way for at least a gradual assumption of control by Tudeh." ONE thought Soviet intervention into Iran was unlikely "unless there is a far more serious deterioration of Iranian internal stability than is foreseen in this estimate. However, the USSR has the capability for greatly increasing its overt and covert interference in Iran at any time, to the detriment of US security interests."⁴⁶

(U) During the last two months of 1952, both ONE and the Iran Branch of the DDP watched events in Iran and hoped things would not change radically. Their hopes were soon dashed.

(U) Foggy Bottom's Differences with Whitehall

(U) As the foregoing indicates, Washington and London had fundamentally different perspectives on the events in Iran and on their consequences worldwide. These differences complicated the State Department's and Foreign Office's search for a common policy. At times the problems must have appeared insolvable.

(U) In January 1952 an internal memorandum in the State Department's Office of Greek, Turkish, and Iranian Affairs identified two areas of disagreement. The United States and the United Kingdom had differing views on the strength of nationalism in Iran (and therefore on Mossadeq's political strength), and on the global consequences of Tehran's failure to reach an oil settlement with London.⁴⁷

(U) The State Department recognized that Iranian nationalism was a potent and growing force, making an oil settlement on British terms unattainable even if Mossadeq fell. In contrast, the British disparaged Iranian nationalism as merely a "passing storm."

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⁴⁶(U) Office of National Estimates, "Probable Developments in Iran Through 1953," NE-75, 13 November 1952.

⁴⁷(U) Memorandum, "Varying British and American Appraisals of the Iranian Situation," 14 January 1952, Office of Greek, Turkish, and Iranian Affairs, Department of State, RG 59, Records of the Department of State, Records of the Office in Charge of Iranian Affairs, 1946-54, Lot 57, D 529, Box 40, National Archives and Records Administration.

It had no roots and would "pass and its leaders fall as soon as it is demonstrated that their policies have brought Iran to the brink of ruin."⁴⁸

(U) More specifically, American officials feared that a British failure to compromise with Mossadeq would enable him to whip up Iran's virulent nationalism further, with potentially disastrous results. The West might well lose so much of its influence that it could not stop Tehran from moving the Soviet orbit. Or the Iranian political situation could simply descend into chaos, in which case the Soviet-backed Tudeh—Iran's best organized, best financed, and most effective political organization—would be ready to fill the vacuum. In the State Department's view, such developments would jeopardize the security and stability of the entire Middle East, would serve notice that the West could not preserve the independence of important Third World states, and could deprive the West not only of Iran's oil but ultimately that of its Arab neighbors as well.⁴⁹

(U) In contrast, the British regarded Iran as basically a conservative country that would not seek Soviet help nor collapse internally if London held out for the kind of oil settlement it wanted. The British also feared that a "bad" settlement (one not on their terms) would severely diminish their global political and economic power, already starting to decline with the post-World War II emergence of independence movements in much of the British empire.⁵⁰

(U) The only suggestion for resolving these differences offered in the State Department's internal memorandum further consultation to determine the "political, military, economic, and psychological effects of the loss of Iran to the west as balanced against the political and economic effects of an agreement with the Iranians on the oil situation which might prejudice other concessions elsewhere and diminish British prestige throughout the world." The memorandum concluded "that unless the US and United Kingdom agreed on the importance to the West of an independent Iran, there was little chance the two would be able to forge a common policy."⁵¹

(U) Eleven months later the National Security Council set forth basic US policy toward Iran. NSC 136/1 emphasized that the United States was committed to preventing Iran from falling under communist control and that Iran's strategic position, its oil, and its vulnerability to Soviet political subversion or military attack made it a tempting target for Soviet expansion. If the Tudeh Party seized or attempted to seize control of the Iranian government, the document argued, the United States should, in conjunction with the British, be ready to support a non-communist Iranian government militarily, economically, diplomatically, and psychologically.⁵²

⁴⁸(U) Ibid.

⁴⁹(U) Ibid. The State Department memorandum noted that American influence was waning daily as more and more Iranians identified the United States with British interests. The State Department assessed British influence as negligible.

⁵⁰(U) Ibid.

⁵¹(U) Ibid.

⁵²(U) United States Department of State, *Foreign Relations of the United States 1952-1954*, Vol. X, *Iran 1951-1954* (Washington, D.C.: US Government Printing Office, 1989), pp. 529-34.

(U) American Policy Turns Against Mossadeq

(U) Dwight Eisenhower did not immediately turn his attention to Iran after taking the oath of office in January 1953. His campaign pledge to end the Korean war had priority, and only weeks after the inaugural festivities Soviet dictator Joseph Stalin died. The new administration was faced with reevaluating Soviet-American relations. Under these circumstances, events in Iran receded into the foreign policy background — temporarily.⁵³

(U) The British had never given up hope of executing a covert action to remove Mossadeq, and continued to test the American response. After Mossadeq severed diplomatic relations with Britain in October 1952, the indefatigable Woodhouse met in London with Foreign Office officials, including Anthony Eden, to consider options available to Britain. According to Woodhouse, Eden said that no covert operation would succeed unless it had American support. Woodhouse “took his words as tantamount to permission to pursue the idea further with the Americans, particularly with the CIA.” This he did, arriving in Washington in mid-November 1952 after Dwight Eisenhower’s victory.⁵⁴

⁵³(U) Brands, p. 272.

⁵⁴(U) Woodhouse, pp. 116-17.

⁵⁵(U) Ibid., p. 119.

(U) President Truman's and Secretary Acheson's policy of encouraging the parties to reach an equitable oil settlement had reached a dead end. Neither the British nor Mossadeq appeared willing to back off from their publicly stated positions, which each by this time held with something approaching religious fervor. To London's relief, the new US administration abandoned the search for a negotiated end to the crisis. Perhaps now, the British hoped, Washington would finally begin to see Mossadeq as the demagogue London thought he was and take appropriate action.

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(U) ~~Also in March 1953, State Department officials and British Foreign Minister~~

Anthony Eden met to discuss the Iranian situation. Eden found the Americans much more receptive to the British viewpoint ~~than~~ they had been under Truman and Acheson. The collapse of the Anglo-Iranian oil negotiations had changed the Americans' attitude; Washington now considered Mossadeq a source of instability and feared that his continued tenure invited a Tudeh coup.

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(U) The United States suspected the Soviets of trying to take advantage of the deteriorating situation in Iran. In the US view, Soviet leaders undoubtedly saw Mossadeq's troubles as a diplomatic opening, and if he wanted to ~~try~~ to play Moscow against Washington, the Soviets would let him. The Kremlin would help him. The

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58 (1) Cottam, p. 103

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potential benefits to the Soviets of cultivating Mossadeq were great: a docile southern neighbor at a minimum, and beyond that, a chance to draw a strategically important country into the Soviet sphere of influence.

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(U) The Iranian-Soviet negotiations were never held. On the day he met with Jernegan, Saleh could not know that the Mossadeq government would remain in power

only eight more days. President Eisenhower apparently had already made the decision to oust the Iranian Prime Minister.

(U) Mossadeq's Successor: Ayatollah Kashani or Fazlollah Zahedi?

(U) At this point, there was no consensus on who should replace Mossadeq. US officials briefly considered backing Ayatollah Kashani, the former Mossadeq ally, who had a large following and had become a strident opponent of the Prime Minister.

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(U) Opinion gradually settled on General Fazlollah Zahedi as Mossadeq's successor. Zahedi had served as an irregular soldier under the Shah's father, Reza Shah, in 1915 and subsequently rose through the ranks of the Iranian Army. In 1942 the British arrested him for his activities under Nazi agent Franz Mayer and deported him to Palestine. Zahedi worked for the Germans because of his anti-British views; he was not generally thought to be pro-Nazi. The British released him on VE Day in 1945. Zahedi retired from the army in 1949 and subsequently served in a series of mostly honorary posts. He was Minister of the Interior in the early 1950.

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Iranians on the public scene [not] noted for honesty, consistency, reliability and strength of convictions."⁶³

(U) The State Department recognized that he was not the ideal candidate, but was qualified because he seemed "friendly to the United States and **Britain** and would be acceptable to both Governments."⁶⁴ Even more importantly, he was willing to take the job.

(U) Whoever succeeded Mossadeq would be able to count on US support. In March **1953**, an internal memorandum by the State Department's Office of Greek, Turkish, and Iranian Affairs outlined the steps the United States was likely to take if Mossadeq fell. Although American officials would limit their public pronouncements to expressions of unwillingness to interfere in the internal affairs of another country, privately they would use non-US channels to assure the Shah and new prime minister that Washington was eager to help. Sensitivity to Iranian concerns that the country was being turned into a foreign base would preclude ostentatious and immediate American military assistance, but privately the Americans could assure Tehran that meaningful military aid (trucks, communication equipment, and other items that also had civilian **uses**) would be forthcoming.⁶⁶

(U) **Eisenhower Turns to CIA**

(U) President Eisenhower had several options for implementing Mossadeq's removal. He could use military force to invade Iran, but that was impractical for obvious reasons. He could keep hoping that a diplomatic solution would appear. That option too was not viable; diplomacy had already failed and the political situation in Iran was worsening daily. Finally, he could turn to CIA for a covert political operation; the National Security Council had decided that covert action was a legitimate instrument of US policy.⁶⁷ This alternative held the promise of attaining the result the administration

⁶⁶(U) "Measures Which the United States Government Might Take in Support of a Successor Government to Mosadeq," March **1953**, Department of State, Office of Greek, **Turkish**, and Iranian Issues, RG 59, Lot 57, D 529, Box 40, National Archives and Records Administration

⁶⁷(U) In NSC 10/2.

wanted with a minimum of cost and attention. If such an operation went sour, Washington could disavow any knowledge or connection.

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(U) Available documents do not indicate who authorized CIA to begin planning the operation, but it almost certainly was President Eisenhower himself. Eisenhower biographer Stephen Ambrose has written that the absence of documentation reflected the President's style:

(U) Before going into the operation, Ajax had to have the approval of the President. Eisenhower participated in none of the meetings that set up Ajax; he received only oral reports on the plan; and he did not discuss it with his Cabinet or the NSC. Establishing a pattern he would hold to throughout his Presidency, he kept his distance and left no documents behind that could implicate the President in any projected coup. But in the privacy of the Oval Office, over cocktails, he was kept informed by Foster Dulles, and he maintained a tight control over the activities of the CIA.⁶⁹

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⁶⁹(U) Stephen E. Ambrose, *Eisenhower*, vol. 2, *The President* (New York: Simon and Schuster, 1984), p. 111. Ambrose repeats this paragraph verbatim in *Eisenhower: Soldier and President* (New York: Simon and Schuster, 1990), p. 333.

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Chapter 32

(U) Planning the Operation

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(U) —Kermit "Kim" Roosevelt, grandson of President Theodore Roosevelt, was the chief of NEA Division, headed the Division:

—A 1938 Harvard graduate, Roosevelt had embarked on a scholarly career teaching government to undergraduates—first at Harvard and then at the California Institute of Technology. He joined the Office of Strategic Services (OSS) during World War II and worked for the chief of the organization's Secret Intelligence Branch in the Near East. After the war he compiled the official OSS war report and then returned to the Middle East as a writer for the Saturday Evening Post.² In 1947 he published *Arabs, Oil, and History: The Story of the Middle East*.³ C.M. Woodhouse of *MI5* wrote in his memoirs that Roosevelt "had a natural inclination for bold and imaginative action, and also a friendly sympathy with the British."⁴

¹(U) The name went through several permutations before settling on Near East and Africa Division.

²(U) Burton Hersch, *The Old Boys: The American Elite and the Origins of the CIA* (New York: Charles Scribner's Sons, 1992), p. 331; G.J.A. O'Toole, *Honorable Treachery: A History of U.S. Intelligence, Espionage, and Covert Action from the American Revolution to the CIA* (New York: The Atlantic Monthly Press, 1991), p. 458; Who's Who, 1964-65.

³(U) Kermit Roosevelt, *Arabs, Oil, and History: The Story of the Middle East* (Port Washington, NY: Kennikat Press [1947] 1969).

⁴ C.M. Woodhouse, *Something Ventured* (London: Granada, 1982), p. 120.

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⁹(U) Although CIA almost certainly would have hired him as a permanent staff employee, Wilber refused and preferred to work under contract. He lived in Princeton and did not wish to leave. A contract enabled him to work at CIA without requiring him to move to Washington. Wilber continued his contract relationship with CIA until the 1960s.

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(U) The Americans Review the Preliminary Plan

(U) According to the military attaches, it was important to recognize the difference between allegiance and control. The Shah enjoyed the allegiance of almost all Iranian Army officers; they had been raised to regard their monarch as a symbol of loyalty and patriotism. Whether he wielded any "control" was more problematic. His failure to assert himself against Mossadeq was causing confusion and consternation as officers risked their careers by backing him against the Prime Minister. The attaches concluded that "if the Shah were to give the word, probably more than 99% of the officers would

4' (U) M 1/5 from USARMA Tehran to Department of the Army, Department of the Air Force, Department of the Navy, "Control of the Armed Forces of Iran," 11 August 1953, National Archives, RG 319, Entry 57, box 27. The distribution list shows that CIA received nine copies of the attachés' assessment.

comply with his orders with a sense of relief and with the hope of attaining a state of stability."²⁸

(U) Mossadeq, through Army Chief of Staff General Riahi, a Mossadeq loyalist, actually controlled the Army. Iranian officers considered legal—and would obey—any order of the Shah coming from the Chief of Staff. The officer corps considered the Shah's silence about the Chief of Staff's actions as implied consent. Failure to follow orders even under these conditions was tantamount to treason. The American military attachés concluded that if the Shah opposed the Chief of Staff, or if the Chief of Staff with the Shah's support opposed the Prime Minister, Mossadeq's control of the Army would evaporate.²⁹

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²⁸(U) Ibid.

²⁹(U) Ibid.

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(U) The First Phase: Convincing the Shah

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³⁴(U) Schwarzkopf ~~was~~ the father of the American general of the same name who led US and Coalition forces in the 1991 Gulf ~~war~~ against Iraq.

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⁴⁵(U) Donald N. Wilber, *Adventures in the Middle East: Excursions and Incursions* (Princeton, NJ: Darwin Press, 1986), p. 189.

⁴⁶(U) The Shari'a is Islamic religious law, intended to guide all aspects of social activity. See, William O. Beeman, "Patterns of Religion and Economic Development in Iran from the Qajar Era to the Islamic Revolution of 1978-79," in *Global Economics and Religion*, ed. James F. Fatah (New Brunswick, NJ: Rutgers University Press, 1983), p. 78.

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(U) H.W. Brands, *Inside the Cold War: Loy Henderson and the Rise of the American Empire 1918-61* (New York Oxford University Press, 1991), p. 282.

(U) Final Approval

On 25 June 1953, senior foreign policymaking officials met at the State Department to hear Roosevelt outline the final plan for TPAJAX. President Eisenhower did not attend, but other top officials did: Secretary of State John Foster Dulles; Secretary of Defense Charles Wilson; DCI Allen Dulles; Undersecretary of State and former DCI Walter Bedell Smith; Deputy Undersecretary of State Robert Murphy; Robert Bowie, head of the State Department's policy planning staff (and subsequent CIA Deputy Director of Intelligence in the late 1970s); Henry Byroade, Assistant Secretary of State for the Middle East; and US Ambassador to Iran Loy Henderson.⁶¹

(U) After Roosevelt's briefing, Secretary of State Dulles polled the meeting. Allen Dulles and Walter Bedell Smith were strongly in favor of proceeding; the others agreed but were less enthusiastic. Henderson did not like covert operations but thought the United States had no choice in this case.⁶²

(U) Nor did CIA have to notify Congress of its impending operation. Allen Dulles may have informally told key Senators like Richard Russell, as well as key members of the House of Representatives, what the Agency was doing, but CIA's files contain no record of these conversations.

⁶¹(U) Brands, p. 281. Eisenhower's absence should not be read as passivity or disinterest. The President knew what was going on but preferred to keep himself out of all formal deliberations. His orders and briefings were given orally with no record kept.

⁶⁴(U) In December 1974 the Hughes-Ryan Amendment required a Presidential "finding" for each covert action, and President Gerald Ford's Executive Order 11095 (16 February 1976) required that the Executive Office notify Congress of all Presidential findings.

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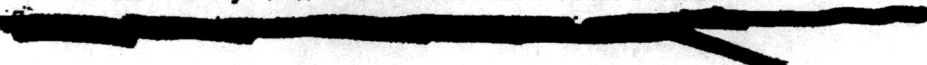
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Chapter 3

(U) Execution and Initial Failure

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(U) The absence of relevant intelligence in Carroll's file is curious. Foreign intelligence assets, not covert action assets, collect the sorts of information Carroll needed. Two possible reasons explain the paucity of information. Either the foreign intelligence assets had not been tasked properly, or, as is more likely, their focus up to this time had been on the Soviet Union and its activities rather than on Iranian activities. The USSR invariably was the main target of the American intelligence effort, and most if not all of CIA's foreign intelligence assets in Tehran were almost certainly trying to collect information on the Soviets.



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(U) Securing the *Firmans*

(U) The first phase of the operation began on 15 July 1953, when Asadollah Rashidian went to the French Riviera to meet Princess Ashraf. He explained to her that Mossadeq posed a continuing danger for Iran and that she should convince her brother to dismiss ~~him~~. She was unenthusiastic.

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(U) The princess also was convinced that Mossadeq would do whatever he could to prevent her return. She had already written to the Prime Minister three times, saying that she wanted to come back to Iran because she could no longer afford to live in Europe. When she saw, with some prompting, that a surreptitious visit to the Shah might improve her chances of returning home permanently, she began to warm to the idea.

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(U) Princess Ashraf arrived in Tehran on 25 July 1953 and met with her brother four days later. She was unable to convince him to sign the *firmans* and left Tehran the following day.

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²³(U) The arrival of Soviet Ambassador Anatoly Lavrentiev in Tehran on 1 August 1953 probably heightened Washington's and Roosevelt's sense of urgency. Lavrentiev had been ambassador to Czechoslovakia in 1948 and had been behind the Communist coup that deposed pro-Western Czech President Benes. Lavrentiev replaced Ivan Sadchikov, who left Tehran for Moscow in July 1953.

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(U) Manucher Farmanfarmaian, a member of the Iranian nobility, was present when ~~Nassiri~~ brought the documents to the Shah and relates in his memoirs the circumstances of this historic event. One afternoon the Shah was relaxing outside with a circle of friends. A butler approached and whispered into the Shah's ear, and the Shah replied loudly, "Tell him to come in." A man in a dark suit whom Farmanfarmaian did not recognize appeared from behind some *trees* and, after a few words with the Shah, presented him with a document. The Shah asked if anyone had a pen; Farmanfarmaian offered his. After signing the document, the Shah noted that the pen would be worth much more now that he'd used it to sign the paper. "A fortune?" Farmanfarmaian joked. "Perhaps," the monarch replied. "Perhaps it will bring us all luck as well." Farmanfarmaian writes that he "found out later that the messenger had been sent by Kermit Roosevelt and the document the Shah had signed appointed General Zahedi prime minister."²⁸

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²⁶(U) Nassiri later became the head of SAVAK. In 1978, former Agency officer Miles Copeland met General Nassiri to discuss Ayatollah Khomeini and the deteriorating situation in Iran. Copeland found Nassiri "even stupider than Kim [Roosevelt] said he'd be." The General regaled Copeland with "fairly bloodthirsty details of how he could have put an end to the demonstrations within a week if only the Shah had given him free rein." Miles Copeland, *The Game Player: Confessions of the CIA's original political operative* (London: Aurum Press, 1989), p. 251.

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²⁸ (U) Manucher ~~Farmanfarmaian~~ and Roxane Farmanfarmaian, *Blood and Oil: Memoirs of a Persian Prince* (New York: Random House, 1997), p. 292. ~~Farmanfarmaian~~ says ~~that~~ the Shah signed the *firman* on a Sunday in the second week of August. This cannot be correct, for the *firman* was not signed until 13 August. The second Sunday in August was the ninth, and the third Sunday was the sixteenth.

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³⁰(U) Kermit Roosevelt, *Countercoup: The Struggle for the Control of Iran*, (New York McGraw-Hill, 1979), p. 171.

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³³(U) Ibid. (S). Wisner's idea of the "public" probably was narrow. Most Americans did not read *The New York Times* and could not have told him whether Iran was in the Middle East, South America, or North Carolina.

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(U) The original plan for a military operation had failed abysmally. Upon hearing of Nassiri's arrest, the principal anti-Mossadeq figures lost their courage. For example, General Batmangelich, who was to have captured Riahi's headquarters, turned back when he saw the troops surrounding the building. Batmangelich and Col. Akhavi soon found themselves under arrest. The Shah, for his part, left the summer palace in the suburbs of Tehran and flew to Baghdad via Ramsar.

However, following a pre-arranged plan, the Queen and I had left Tehran before learning of the revolution's success. It had been decided weeks before that if Mossadegh should use force to resist his deposition, we would temporarily leave the country. I had decided upon this move because I believed that it would force Mossadegh and his henchmen to show their real allegiances, and that thereby it would help crystallize Persian public opinion.

Mohammed Reza Pahlavi, *Mission for My Country* (London: Hutchinson & Co., 1961), p. 104.

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(U) Ambassador Henderson, who had left Iran to distance himself from the operation, returned to Tehran on 16 August. He immediately sought and received an audience with Mossadeq. The ambassador asked the Prime Minister if he believed the Shah had issued orders dismissing him and appointing Zahedi. Mossadeq replied that he had never seen such documents, that he would not believe them if he saw them, and that in any event the Shah ~~was~~ powerless to dismiss him. According to Mossadeq, the Shah could not, on his own authority, demand a change in the government. Notwithstanding the Iranian constitution's provision that the prime minister serves at the pleasure of the monarch, Mossadeq contended that his power came from the people rather than the Shah.⁴²

(U) At noon on Sunday 16 August, Mossadeq issued a brief statement over Radio Tehran: "According to the will of the people, expressed by referendum, the 17th Majlis is dissolved. Elections for the 18th session will be held soon." Minister of Foreign Affairs Hoseyn Fatemi held a press conference that afternoon in which he reviewed the events of the coup and announced that the Acting Minister of Court Abul Ghassem Amini had been

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⁴²(U) H.W. Brands, *Inside the Cold War: Loy Henderson and the Rise of the American Empire 1918-1961* (New York Oxford University Press, 1991), pp. 235, 285.

arrested.⁴³ Fatemi made several violent speeches virulently attacking the Shah and ordered the monarch's statues in Tehran torn down.⁴⁴

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Chapter 4

(U) Victory

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(U) Sunday 16 August: Roosevelt and the Station Regroup

(U) Roosevelt knew he held at least two powerful cards in the Shah's *firmans*. Although Zahedi was hiding from Mossadeq, under the Iranian Constitution he was the legal Prime Minister of ~~Iran~~ and Mossadeq was not. Roosevelt was convinced that if he could publicize and emphasize that theme, Mossadeq could not retain his illegal grip on power for long.

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¹(U) Love covered the entire crisis for *The New York Times*. His reports made the front pages of the newspaper from 17-24 August 1953.

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(U) TEXT BOX: "A Terrible, Terrible Coincidence" in Rome

(U) When the Shah arrived in Rome on 18 August, CIA faced a potential disaster. By coincidence, DCI Allen Dulles was there on vacation. When the Shah checked into the Excelsior Hotel, Dulles was standing next to him trying to do the same thing.

(U) John Waller remembers that he got a call from Frank Wisner between 0200 and 0300. Wisner was agitated. "He's gone to Rome," Wisner told Waller. "A terrible, terrible coincidence occurred. Can you guess what it is?" Waller could not.

(U) "Well," Wisner continued, "he went to the Excelsior Hotel to book a room with his bride, and the pilot, there were only three of them, and he was crossing the street on his way into the hotel. Guess, . . . can you tell me, I don't want to say it over the phone, can you imagine what may have happened? Think of the worst thing you can think of that happened."

(U) Waller said, "He was hit by a cab and killed."

(U) "No, no, no, no," Wisner responded impatiently, by this time almost wild with excitement. "Well, John, maybe you don't know, that Dulles had decided to extend his vacation by going to Rome. Now can you imagine what happened?"

(U) Waller answered, "Dulles hit him with his car and killed him."

(U) Wisner did not think it was funny. "They both showed up at the reception desk at the Excelsior at the very same moment. And Dulles had to say, 'After you, your Majesty.'"²⁵

(U) The meeting between Dulles and the Shah was completely fortuitous but fraught with embarrassment for the US Government and CIA had the news media learned of it. They did not, so the incident passed unnoticed. Wisner's reaction strongly suggests that the meeting was coincidental. It was unlikely that he would have called Waller at 0200 in a panic and revealed sensitive information over an open telephone line if there had been a plan for the DCI to meet the Shah in Rome.²⁶

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²⁶(U) In writing of this incident in *Gentleman Spy: The Life of Allen Dulles*, Peter Grose says that "Of all the conspiracy theories that later swirled around the personage of Allen Dulles, none has made a convincing case to accommodate this unfortunate proximity." Peter Grose, *Gentleman Spy: the Life of Allen Dulles* (Boston: Houghton Mifflin, 1994), p. 367.

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(U) At this point, members of Iranian *Zuhrkhaneh* (exercise clubs)—weightlifters, wrestlers, and acrobats—appeared at the head of the crowd. Their involvement was almost **certainly** the work of the Rashidian brothers and was a brilliant stroke that showed a profound understanding of Iranian psychology.

(U) Iranians idolize acrobats and weightlifters in the same way that many Americans idolize baseball, basketball, or football players. The sight of these men tumbling or exercising in unison with dumbbells drew a crowd in ~~an~~ astonishingly short time. Moreover, the country's most famous athlete, Shaban "Bi Mohk" (Shaban "the Brainless") Jaffari, was in the lead and began chanting pro-Shah slogans. The effect was electrifying. - 36

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(U) The swelling crowd headed for the offices of the pro-Mossadeq and anti-American newspaper, *Bakhtar Emruz*. Security forces watched passively as the crowd demolished the newspaper's office. By 1000 the crowd was headed for Mossadeq's residence at 109 Kakh (Palace) ~~Street~~, which was ringed with tanks and troops loyal to the Prime Minister.

(U) The troops guarding the residence were unsure of what was happening. When confronted with the large, **angry** crowd, some of the soldiers opened fire. The fighting escalated as pro-Shah troops returned fire. Mossadeq climbed over the wall surrounding his house and escaped

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(U) The size and fervor of the demonstrations were critical in encouraging the military to come down on the side of the Shah and Prime Minister Zahedi. Although some members of the officer corps opposed Mossadeq, Roosevelt could not be certain that their units would follow their orders in the absence of evidence that the general population would back them up. The Iranian army has a long tradition of waiting to see who controls the streets before it acts.

³⁸(S) Ibid., pp. 10.

³⁹(S) Ibid., p. 11.

⁴⁰(S) Ibid., p. 12.

(U) The broadcast in the afternoon of 19 August was confused and chaotic, but there was no doubt that pro-Shah forces had captured and were controlling Radio Tehran. The first indication came when the announcer said, "The people of Tehran have risen today and occupied all the government offices, and I am able to talk to you all through the help of the armed forces. The government of Mossadeq is a government of rebellion and has fallen."⁴¹ Seven minutes later, amid much confusion and shouting on the air, a Col. Ali Pahlavon said,

(U) Oh people of the cities, be wide awake. The government of Mossadeq has been defeated. My dear compatriots, listen! I am one of the soldiers and one of the devotees of this country. Oh officers, a number of traitors, like Hoseyn Fatemi, wants to sell out the country to the foreigners.

(U) My dear compatriots, today the Iranian royalists have defeated the demagogue government by which Fatemi was ruling. The Iranian nation, officers, army, and the police have taken the situation in their hands.

(U) Premier Zahedi will assume his post. There is no place for anxiety. Keep tranquil.⁴²

(U) The broadcast stopped. After seven minutes it continued with a woman shouting,

(U) Oh people of Iran, let the Iranian nation prove that the foreigners cannot capture this country! Iranians love the King. Oh tribes of Iran, Mossadeq is ruling over your country without your knowledge, sending your country to the government of the hammer and sickle.⁴³

(U) A major from the Iranian army said that he was an infantry officer "retired by Mossadeq, the traitor. We proved to the world that the Iranian army is the protector of this country and is under the command of the Shah." Much confusion followed, after which Radio Tehran played the national anthem and then went off the air.⁴⁴

⁴¹(U) Intercept from Tehran Iranian Home Service, 19 August 1953, 1200 GMT, Records of the Directorate of Operations, Job 79-01228A, Box 11, Folder 14, ARC

⁴²(U) Intercept from Tehran Iranian Home Service, 19 August 1953, 1207 GMT, Records of the Directorate of Operations, Job 79-01228A, Box 11, Folder 14, ARC.

⁴³(U) Intercept from Tehran Iranian Home Service, 19 August 1953, 1214 GMT, Records of the Directorate of Operations, Job 79-01228A, Box 11, Folder 14, ARC.

⁴⁴(U) Ibid. Radio Tehran went off the air at 1222 GMT.

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(U) Zahedi began broadcasting that he was the legally appointed head of the government.⁴⁸ He also promised, to Roosevelt's chagrin, that he would boost living standards, provide free health services to the poor, and modernize agriculture.⁴⁹

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⁴⁸ (U) According to the State Department, the Embassy monitor reported **Zahedi's** transmission as follows:

Dear Compatriots:

In the name of Almighty, I address you.

I have been appointed your Prime Minister by order of His Majesty. Past governments have made many promises but have achieved very little. Nation must know I am lawful Prime Minister on Shah's orders. Principal points my program are: Rule of law; raising standard of living; free health services for all; mechanization of agriculture; road construction; public security; individual and social freedom; cooperative societies.

Long live Mohamed Reza Shah Pahlevi.

Telegram from US Embassy Tehran to Secretary of State, No. 406, 19 August 1953. National Archives, RG 319, Entry 57, box 27.

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(U) General Zahedi half-entered the plane and ~~kissed~~ the Shah's knee, then backed from the door to allow the 34-year-old Emperor to descend. The Shah wore the gold-braided blue gray uniform of the Air Force Commander in Chief that had been specially flown to Baghdad for his return. His eyes were moist and his mouth was set in an effort to control his emotions.⁵⁸

The Mossadeq era was over.⁵⁹

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Chapter 5

(U) Aftermath

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(U) The different and widely separated home garrisons of the battalions made them unlikely coconspirators against the new regime. The chance that any of these battalions would refuse to follow Zahedi's orders was remote.

(U) The five brigades in the Tehran garrison had not covered themselves with glory during the civil unrest ousting Mossadeq, and Batmangelich and Zahedi no doubt thought it prudent to have other troops in the capital who probably would not hesitate to crush a Tudeh-led coup attempt. Batmangelich clearly intended these forces for more than ceremonial purposes: troops do not parade or pass in review with live ammunition.

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(U) Byroade noted that a revolution of nationalism was sweeping Asia and that any effective leader had to base his program on nationalist aspirations or face political suicide. Zahedi, therefore, was not likely to reverse many of Mossadeq's policies. Byroade warned that American policymakers would be unwise to assume "Iran will turn a new face toward the West in the immediate future." Nonetheless, he argued, Zahedi merited American support. His fall, in Byroade's opinion, would "open the way to chaos and a struggle for power in which only the Tudeh organization would be likely to win."²

(U) Two complications affected American support for the new Iranian Prime Minister. Zahedi lacked solid political support in his own right. He could expect the Shah to thwart his efforts to create a strong government, since the Shah distrusted any strong leader — anyone who might emerge as a strong leader.

(U) Zahedi's options were limited. He could not become a military dictator as long as the military remained loyal to the Shah, nor could he seek broad-based civilian support without calling for new Majlis elections. The Majlis was notorious, in Byroade's words, for its "destructive criticism" and there was no guarantee that a new Majlis would cooperate with Zahedi. In short, Byroade wrote, "there is no cause for jubilation that our problems are ended in Iran. On the contrary, the future can be expected to bear remarkable similarity to the recent past."³ It was a sobering antidote to the euphoria at the highest levels of CIA.

¹(U) Memorandum from [Henry A.] Byroade, NEA, to Mr. Bowie, S/P, "Iran," 21 August 1953, RG 59, Records of the State Department, Records of the Office of Greek, Turkish, and Iranian Affairs, Lot 57, D 529, Box 40, NARA.

²(U) Ibid.

³(U) Ibid.

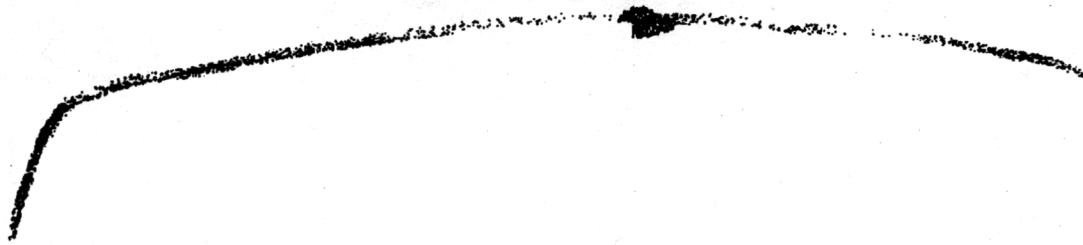
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18(U) Ibid.



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(U) Until the archives of the former Soviet Union are fully opened, it will be impossible for scholars to know the exact reasons why the Tudeh did not act. Perhaps Bahrami was right in suggesting that it was only because the Tudeh ~~was~~ unprepared, but the reasons are probably more complex. Stalin had been dead for only five months, and the new leaders were probably ~~reassessing~~ his policies. They almost certainly recognized the importance of Iran to the United States (and to the Soviet Union) but may have been unsure how much freedom of action they had. In any event, since the Tudeh was ~~so~~ closely directed from Moscow, it is unlikely that the Iranian Communists decided on their own to do nothing

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(U) Whatever ill effects or career damage Lavrentiev suffered from Mossadeq's fall were temporary. He eventually returned to his post in Tehran and stayed until May 1955, when Moscow recalled him to participate in a commission trying to resolve outstanding Soviet-Iranian border and financial disputes.

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(U) Secretary of State Dulles did not heed Roosevelt's admonition. The Secretary was already contemplating a similar operation in a country half a world away from Iran and much closer to home.³⁰ Officials in CIA's Directorate of Plans had been working since 1952 on schemes to depose Guatemalan President Jacobo Arbenz. Like Mossadeq, Arbenz was willing to turn a blind eye to Communist machinations in his country. Unlike Mossadeq, however, Arbenz appeared to be a Communist sympathizer. Even the most bitter anti-Mossadeq partisans did not claim the ~~Iranian~~ Prime Minister was a Communist or a sympathizer []

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(U) ~~Reahmt~~ Roosevelt, *Countercoup: The Struggle for the Control of Iran* (New York: McGraw-Hill, 1979), p. 210.

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(U) Roosevelt's knowledge of the Middle East gave him the confidence to play the situation in Iran by ear without much Headquarters involvement. His lack of Latin American expertise would have precluded a similar approach in dealing with Guatemala. Control from Headquarters would necessarily have been tighter, restricting his freedom of movement. []

(U) There was another important distinction between Iran and Guatemala. Arbenz controlled a comparatively stable Guatemalan Government; Mossadeq presided over a shambles. At the start of 1953, according to Iranian specialist Kuross A. Samii, "Iran resembled an old ship swept away by a storm with no one aboard capable of dealing with

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the attendant frenzy." By August, Mossadeq "was barely holding on to the broken sails of his sinking ship. Everything considered, whatever might be said of the morality or the legality of American action, it still should not be characterized as having overthrown a stable regime in Iran."³⁵ What worked in Iran, Roosevelt sensed, probably would not work in Guatemala because the circumstances were so different.

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³⁵(U) Kuross A. Samii, *Involvement By Invitation: American Strategies of Containment in Iran* (University Park, PA: The Pennsylvania State University Press, 1987), p. 143.

³⁶(U) Roosevelt, *Countercoup*, p. 210.

Chapter 6

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(U) During the 1979-81 Iranian hostage crisis, a reporter asked President Jimmy Carter whether he thought that "it was proper for the United States to restore the Shah to the throne in 1953 against the popular will within Iran." Instead of correcting the reporter's loaded question, the President replied, "That's ancient history, and I don't think it's appropriate or helpful for me to go into the propriety of something that happened 30 years ago."¹

(U) Many diplomatic historians, intelligence historians, and political scientists do not consider TPAJAX "ancient history." Eighteen years after President Carter's remark, the questions implicit in the reporter's query persist and continue to stir controversy.

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¹(U) President Jimmy Carter, "The President's News Conference of February 13, 1980, *Public Papers of the Presidents of the United States, Jimmy Carter. Book I—January 1 to May 23, 1980* (Washington, DC: United States Government Printing Office, 1981), p. 307.

policy of the Zahedi Government that the United States obtained at minimal cost² would last for 26 years. Secure in the knowledge that the US would support Iran against the USSR, the Shah was able to turn his attention to domestic matters. He began a series of far-reaching modernization efforts, including land reform and steps toward the emancipation of women.

(U) TPAJAX came at a time when the events in pre-war Europe were a fresh memory. Americans had seen how ~~Nazi~~ subversion could destroy a country like Czechoslovakia. They had seen the consequences of weakness and appeasement before Nazi and Japanese demands. They had suffered the incalculable cost of failing to act when action might have stopped further aggression. Many were determined never again to let the appearance of weakness and indecision encourage aggression.

(U) Neither the White House nor State Department had the slightest doubt that the Soviets³ coveted Iran and would do whatever they could, short of war, to bring that country within the Soviet orbit. The Azeri crisis of 1947 showed that unless checked, Stalin would continue to test the West's resolve.

(U) Stalin's death in March 1953 added a dangerous element of ambiguity to Soviet intentions. Who would succeed the late dictator, the "breaker of nations"?³ Would Soviet policy become more or less aggressive? Would the Soviets reoccupy Iranian Azerbaijan? Would they encourage the Tudeh to topple Mossadeq? The White House, the State Department, and CIA struggled to find answers to these questions.

(U) Sending American troops to Iran was never a practical option for logistical and political reasons. ~~An~~ American military occupation almost certainly would have led to war. The USSR would have invoked the terms of the 1921 Treaty of Friendship Between Iran and the Russian Soviet Federated Socialist Republic and occupied the northern part of the country. Iran would have been divided into a Communist north and a free south. Fear of partition lay behind Washington's objection to the proposed British occupation of the port city of Abadan early in the oil nationalization crisis.

(U) A covert political operation promised to attain American foreign policy and strategic in objectives Iran without the threat of war. CIA gave the Eisenhower administration flexibility where diplomacy had failed and military action ~~was~~ not practical. In addition, CIA gave the US Government "plausible deniability." If a covert action went awry, the President could deny American involvement. With these considerations in mind, and given the widely held Western outlook on the international

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(U) HISTORICAL ROBERT Conquest's term. See, Robert Conquest, *Stalin: Breaker of Nations* (New York: Viking Press, 1991).

situation in general and on Soviet intentions in particular, the Eisenhower administration's decision to act in Iran was reasonable and understandable.

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(U) A kind of historical hubris results from the belief that because we know far more about the consequences of past acts than contemporaneous actors could know, we are more likely than they are to have a correct interpretation of events and of cause and effect. We cannot know the consequences of decisions not made or actions not taken any more than contemporaries did. Nevertheless, time and knowledge of past events provide the historian with a perspective not available to contemporaries.

(U) Some historians argue today that TPAJAX was not in the US national interest! Maintaining that American policymakers in the 1950s defined national security narrowly, these historians emphasize that actions intended to enhance American power ultimately have the opposite effect if they violate democratic ideals. In this view, intervening in domestic political processes in foreign countries inevitably undermines US national security by weakening the values on which US security rests in the long run.

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(U) The critique deserves careful attention; its more thoughtful and articulate proponents appear to make a persuasive case. The Shah *did* leave Tehran, to return only when he was certain Mossadeq was gone and American support for the Peacock Throne assured. Mossadeq *was* popular among some segments of the population. Some Iranians *were* disillusioned with the United States. They had hoped that the US, as the great postwar anti-colonial power, would not intrigue against their country as the British and Russians had done. A close examination of the facts, however, reveals flaws in the revisionist critique.

⁴ See, e.g., Wilbur Crane Eveland, *Ropes of Sand: America's Failure in the Middle East* (New York: W. W. Norton & Company, 1980); Barry Rubin, *Paved With Good Intentions: The American Experience and Iran* (New York: Oxford University Press, 1980); James A. Bill, *The Eagle and the Lion: The Tragedy of American-Iranian Relations* (New Haven, CT: Yale University Press, 1988).

⁵(U) C. M. Woodhouse, one of the British principals in the operation, deals with this point in his autobiography *Something Ventured*. He contends ~~that~~ what Britain and the United States saw in 1953 was vastly different from what happened in 1979. The proper analogy, he asserts, is to the events in Afghanistan from 1973 to 1980: the overthrow of a weak monarchy by nationalist forces, who in turn would be overtaken by indigenous Communists, who in turn would call in the Soviet Army. C. M. Woodhouse, *Something Ventured* (London: Granada, 1982), p. 131.

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[REDACTED] (U) Although there is no doubt that Mossadeq captured the imagination of segments of Iranian society with the nationalization of the Anglo-Iranian Oil Company in 1951, his political support dwindled steadily. By August 1953 he did not command mass support. The Tudeh and splinters of the National Front were the only political parties willing to support him.

(U) The pro-Shah sentiments of the Tehran crowds on 19 August 1953 were genuine. Although CIA had a hand in starting the demonstrations, they swelled spontaneously and took on a life of their own that surprised even Kermit Roosevelt. Many average Iranians seemed convinced that they had to choose between the Shah and Communism. In marching against the Tudeh, Iranians were supporting the Shah. Iran expert Donald Wilber's plan to make this choice explicit had worked.

[REDACTED]

[REDACTED] (U) Before dismissing reports like those from Khorramabad as propaganda, it must be remembered that CIA was able to influence directly events only in the capital city, and there only barely. Kermit Roosevelt had neither the money nor the agents to initiate the kinds of demonstrations that took place in Iran's widely separated cities.

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(U) American University's Amos Perlmutter belongs to the school of thought that considers Mossadeq's fall inevitable regardless of Western actions. In a foreword to Zabih's *The Mossadeq Era: Roots of the Iranian Revolution* Perlmutter writes that CIA's "role in these climactic events was not very significant, despite some of the heavily unsubstantiated claims of the old boys such as Kermit Roosevelt"

(U) To a large extent, the return of the Shah and the downfall of Mossadeq were made possible by divisions among the political forces of the left and right, the left split among nationalists, Marxists and Communists and the right split among the reactionary and xenophobic clergymen and their more liberal counterparts.⁸

(U) Perlmutter is correct in saying that Iranian political divisions made the fall of Mossadeq possible, but merely because something is possible does not ensure that it will happen. CIA's role was significant. Without Kermit Roosevelt's leadership, guidance, and ability to put some backbone into the key players when they wanted to quit, no one would have moved against Mossadeq. Iran had many political factions but few legitimate leaders—and even fewer leaders with the discipline and will necessary to take risks.

(U) A key difference between Mossadeq and his domestic opponents was his ability to control the streets. Although much of the National Front had deserted the Prime Minister, the Tudeh, by this time Iran's only disciplined political party, rallied to him when its aims and Mossadeq's coincided. Tudeh demonstrations intimidated the opposition and kept the army on the sidelines. Mossadeq's opponents would have been unable to overcome these disadvantages without outside help.

(U) The notion that Mossadeq would have fallen anyway ignores the realities of Iranian politics. No group was able, without help, to contest control of the streets of Tehran with the Tudeh. The opposition needed a rallying point and a psychological trigger. Roosevelt provided both and gave Tehranians a choice between the Shah and the

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⁷(U) Sepehr Zabih, *The Mossadeq Era: Roots of the Iranian Revolution* (Chicago: Lake View Press, 1982), p. 126.

⁸(U) Amos Perlmutter, forward to *The Mossadeq Era: Roots of the Iranian Revolution* by Sepehr Zabih (Chicago: Lake View Press, 1982), p. vii.

Tudeh. Ordinary Iranians were willing to demonstrate their support for the monarch only when they became convinced, through the pro-Shah demonstrations in the streets that others were doing the same

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(U) Historians arguing that Mossadeq would have fallen anyway fail to answer a critical related question: Without US intervention, what would have replaced him? In August 1953 Iran seemed more likely to degenerate into chaos than to experience a stable transfer of power from Mossadeq to someone else. No potential prime minister was strong enough to command a majority in the Majlis, or even to form a coalition government out of the factions and splinter groups comprising Iranian politics. If Ayatollah Kashani, whom the US had briefly considered supporting in mid-1953, had somehow been able to succeed Mossadeq, his government might have resembled Ayatollah Khomeini's regime more than Fazlollah Zahedi's.

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(U) If the United States and United Kingdom had not intervened in Iran's chaotic politics in August 1953, would Ayatollah Khomeini have been able to launch his Islamic Revolution 25 years later? Asking this question is like asking whether World War II would have been fought if Germany had won World War I and Hitler had remained an obscure corporal. We cannot know the consequences of events that did not happen, but we can engage in informed speculation.

(U) Revisionists contend that ~~CIA~~ stifled Iran's drive to democracy and strengthened the rule of the autocratic Shah, thereby making Khomeini's revolution all but inevitable. Despite its faults, in this view, Mossadeq's Government represented the popular will. His government reflected a vision for Iran's future that the Shah did not share. Mohammed Reza Pahlavi wanted to transform Iran into a modern Westernized state; his people preferred a more traditional society.

(U) In removing Mossadeq, the revisionists continue, the United States and Britain effectively strangled traditional Iranian nationalism. Frustrated and resentful, the people rose 25 years later in rage against the Shah and the United States, disparaged as the "Great Satan." For there can be no doubt that despite years of official American and British denials, most Iranians have been convinced of the CIA's role in Mossadeq's fall.⁹

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(U) A problem with this thesis is that Mossadeq's Iran was not moving toward democracy. The Prime Minister's increasing political isolation and the fragmentation of the National Front, as documented above, had weakened his position and made him desperate. His dictatorial grab for power from the Majlis alienated his former allies and gained him new political enemies. Iran was, to repeat Iran specialist Kuross Samii's apt metaphor, "an old ship swept away by a storm with no one on board capable of dealing with the attendant frenzy."¹⁰

(U) In fact, Khomeini's revolution was a reaction against secularism, modernization, and the Shah's misrule, not a push for a return to the National Front. The streets of Tehran rang with shouts of fanatical support for Khomeini rather than nostalgic calls for Mossadeq. The Ayatollah was not interested in Mossadeq or the things he stood for. The last thing Khomeini wanted was a secular government with multi-party participation. He would have called for fundamentalist revolution against *any* government, including a National Front or Tudeh Government, that promoted modernization, the emancipation of women, and secularization.

(U) Edward Shirley, the former CIA DO employee who journeyed through revolutionary Iran, argues that the revisionist thesis also underestimates the role the clerics played in TPAJAX. Without the support of Ayatollahs Kashani and Behbehani, Shirley doubts the covert political action could have succeeded. What the ayatollahs did in 1953 with American and British help, they might have been able to do later without such help. Alternatively, given Mossadeq's growing political weakness and isolation from Iranian society, the clerics may have defeated him and the National Front in general elections.

(U) In short, according to Shirley, the 1953 aborted-democracy theory is appealing, but is "too convenient in its diabolization of the CIA and M16, and too Persian in its determination to make someone else responsible for failure."

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History of Iran, vol. 7, *From Nadir Shah to the Islamic Republic* (New York: Cambridge University Press, 1991), p. 263.

¹⁰(U) Kuross A. Samii, *Involvement by Invitation: American Strategies of Containment in Iran* (University Park, PA: the Pennsylvania State University Press, 1987), p. 143.

¹¹(U) See Peter Wyden, *Bay of Pigs: the Untold Story* (New York: Simon and Schuster, 1979).

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¹²(U) Peter Grose, *Gentleman Spy: The Life of Allen Dulles* (Boston: Houghton Mifflin, 1994), p. 384.
¹³(U) Ibid.

Postscript**(U) The Shadow of the Pahlavis****L****3**

(U) The average Iranian still believes that the British and Americans are omnipotent and that if they removed Mossadeq, either or both somehow put the mullahs in power. Edward Shirley's *Know Thine Enemy: A Spy's Journey into Revolutionary Iran* recounts several conversations he had with Iranians while traveling through that country. One asked Shirley for help:

(U) 'Americans should help us. Your secretary of state was spit upon by Khomeini. He calls Iran the most evil state in the world, but he does nothing. ~~Unless~~ you want Iranians thinking that you like the mollahs, you should bring them down. The British put them in, and America should drive them out. The young Shah, he is like his father, a coward. And the United States wastes money on him. Iranians don't want to fight anymore. They need a sign from America.'

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Another told Shirley it did not matter what Iranians thought. "It only matters what the Americans and the *Englisss* think. They hold the power. The *Englisss* have always had the clergy in their pockets." 2

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² (U) Edward Shirley, *Know Thine Enemy: A Spy's Journey into Revolutionary Iran* (New York Farrar, Straus and Giroux, 1997), pp. 75, 106.

³ (U) See Harold Bloom, *The Lucifer Principle: A Scientific Expedition into the Forces of History* (New York The Atlantic Monthly Press, 1995), pp. 264-70. SAVAK's successor in the Islamic Republic of Iran is the Vezarat-e Ettela'at va Aminate Keshvar (VAVAK), known in the West as the Ministry of Intelligence and Security (MOIS). According to historian Carl Wege, VAVAK "is noted primarily for assassinating Iranian dissidents abroad" and has been doing so since the revolution in 1979. Its first victim was the Shah's nephew Shahriar Shafiq (in Paris, December 1979), but is most famous victim was former prime minister Shapour Bakhtiar, assassinated in August 1991. Carl Anthony Wege, "Iranian Intelligence Organizations," *International Journal of Intelligence and Counterintelligence* 10 (Fall 1997): 289. Heritage Foundation Senior Policy Analyst James Phillips writes that "more than a dozen Iranian dissidents have been assassinated in European cities since 1987." VAVAK even struck in the

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United States, murdering Iranian political activist Ali A. Tabatabai, founder of the Iran Freedom Foundation, in his Bethesda, Maryland home in July 1980. James Phillips, 'The Challenge of Persecution in Iran' Heritage Foundation Committee Brief No. 24.29 March 1996.

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(U) "Iran: Internal Security, DODD 141-2B, 21 May 1993. The information in this report is classified **TOP SECRET UMBRA NOFORN**; the title is unclassified. The report, already five years old, states that Iran's various tribes have not been a serious threat to Tehran's rule for several years. No reporting since then ~~has~~ warranted a qualification or change of that opinion.

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CENTRAL INTELLIGENCE AGENCY

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SECURITY INFORMATION

COUNTRY Iran
SUBJECT Tudeh Party Weekly Instructions

REPORT NO.
DATE DISTR. 20 August 1953
NO. OF PAGES 3
REQUIREMENT NO.
REFERENCES

DATE OF INFO. 3 - 17 July 1953

THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
THE APPRAISAL OF CONTENT IS TENTATIVE.
(FOR KEY SEE REVERSE)

SOURCE:

Tudeh Party instructions for the weeks of 3 to 10 July and 10 to 17 July 1953, with the commentary of a cell responsible, follow:

3 - 10 July 1953

1. All comrades are aware of the strike of the brick kiln workers, and know that our Party leads the strike. With the exception of a very limited number, the workers are generally simple folk who have had no opportunity to develop mentally or politically. The Government and all the reactionary elements are making every effort to defeat the strike. Needless to say, failure would have a terrible effect on our movement, resulting in the demoralization not only of the strikers, but of all workers in general, since they would question the possibility of gaining anything in the future through means of a strike. On the other hand, there would be no limit to the benefits accruing to the Party should the strike be successful. The tactic of the Government is to check the strike by military force, make some arrests, and keep the strikers hungry. We must help the strikers and their families. All syndicates and trade unions throughout the country are now collecting money for them. The Party comrades must contribute generously; they themselves must begin by giving, and then by selling contribution tickets to others.
2. Comrades were advised last week that the Party is planning demonstrations which are to take place all over town on 21 July 1953.¹ We must all do our best so that, as last year, our Party will have the leadership of the demonstrations. Comrades going out of town for peasant activities between now and 21 July must give the peasants an account of the events of 21 July, and invite them to come to Tehran for the commemoration this year. The twenty-first of July may be a public holiday this year, since the Government and the Majlis have recognized it as a national day of revolt.
3. The Central Committee states that the circulation of Mardom has dropped and the circulation of other papers such as Besuye Ayandeh has not increased. It has been noticed that most of our comrades do not read Besuye Ayandeh, which

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1. Washington Distribution Indicated By "X", Field Distribution By "(#)".

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is the overt organ of the Party. This attitude must be abandoned, and comrades must do everything in their power to increase the circulation of Besuye Ayandeh, Mardom, and other democratic papers.

4. The efforts made by comrades in donating books to our sister parties, the Democrat Parties of Azerbaijan and Kurdistan, are appreciated.
5. Comrades wishing to attend the Festival² may do so at a personal cost of only 8,000 rials.³ The Festival has allotted 350 seats to Iran. Because of Government restrictions only 14 comrades have thus far been able to obtain passports.⁴ General Shafa'i⁵ is now trying to have the Government issue passports officially for the Festival. Comrades wishing to attend must report by 6 July 1953 to the building with the iron fence, situated on Kuche Cafe' Tehran Now, where it joins Lalezar Now Street.
6. The Party contemplates holding a congress of the syndicates of Iran, for the first time. The success of this congress will mean the success of our movement. Arrangements for this congress, in which delegations from the provinces will participate, will involve expenses to be borne by comrades. Beginning next week comrades will be given contribution tickets to sell.
7. A man named Ahmad Zandi is a police agent. He is trying to join the Party and so far has participated in several picnics. Since his intentions have been discovered, he is now trying to join under assumed names. Comrades are warned to be very careful of this man.
8. Hoseyn Ali Badri and Rajabi (fnu), members of the Third Force and drivers of bus line No. 9, are constantly propagandizing in their busses for their party and its view of the current situation. Comrades meeting them are to refute their propaganda with forbearance and logic.
9. Comrades will be supplied with petitions which are to be signed by prominent and respected persons in their quarters. In this petition, we are demanding that the Government arrange for all forces to join in the demonstrations on 21 July, the national day of revolt.
10. Comrades are to learn the Party song by 21 July so that they will be able to sing it in the streets.
11. Measures are being taken to arrange a 21 July demonstration in which all political groups will participate together.⁶ As the opposition groups are very small compared to our Party we will have to act as the leader in the demonstration.⁷ We must demand that everyone advocate a united demonstration on 21 July. Comrades are to discuss this matter with the members of the Third Force and the Iran Party. It is certain that we will have a demonstration, and in case of intervention by the military forces we still can arrange local meetings. Instructions for the day will be communicated to comrades later.
12. Since our activities among the peasants have brought very good results, and since our opponents are in no position to hinder our progress, they intend to set fire to the harvest and pin the blame on us. Comrades are to inform the peasants of this plan and ask them to be prepared to counter the plot.
13. In view of the Party's increasing expenses and its need for a regular source of income, some comrades have suggested that the Party engage in some profitable business enterprise. Comrades having ideas on this score, or any suggestions on ways by which the Party could increase its income, should communicate them to the Party this week.

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14. Demonstrations in memory of the Rosenbergs⁸ will be arranged in the near future. The date and specific arrangements will be communicated later.
15. The Party again recommends that comrades try to increase the circulation of Mardom.
16. Comrades who were to apply for newspaper licenses should report the results of their efforts to their district committees by new week.
17. Shahbaz will have a special edition on 21 July which should prove very interesting. Comrades should indicate the number of copies which they can undertake to sell.

Comments

1. The riots in Tehran on 21 July 1952 resulted in the restoration of Mossadeq to power.
2. This refers to the Fourth World Festival of Youth and Students for Peace and Friendship, Bucharest, 2-16 August 1953, sponsored by the World Federation of Democratic Youth (WFDY) and the International Union of Students (IUS).
3. Approximately \$80 at the current open market rate. Non-Party applicants to attend the Festival are required to pay the equivalent of approximately \$150.00.
4.
5. Probably General Ismail Shafa'i, long noted for his record of friendship for Soviet causes.
6. The Tudeh failed in this effort. National Front groups demonstrated in the morning, Tudeh in the afternoon.
7. As used here by the Tudeh, "opposition" apparently refers to all other organized groups, whether anti- or pro-Mossadeq. that the Tudeh demonstration was "much larger" than the demonstration of the National Front group in the morning; that an estimated 30-35,000 took part in the Tudeh demonstration as compared with 15,000 - 20,000 in the National Front demonstration.
8. This is the first reported reaction to the Rosenberg affair within the Tudeh Party.

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NEAR EAST - AFRICA

1. Comment on the Iranian situation:

[REDACTED] The failure of the attempt to remove Prime Minister Mossadeq and the flight of the shah to Baghdad emphasize Mossadeq's continued mastery of the situation and foreshadow more drastic action on his part to eliminate all opposition. The prime minister can utilize the situation to generate more popular support for himself at a time when he is facing the problem of how to secure the election of a new and more amenable Majlis. While in the past Mossadeq had not been very aggressive in his efforts to remove his enemies, this incident will reinforce his recent tendency to proceed arbitrarily.

The shah's flight, the involvement of the commander of the imperial guards, and the royal decrees to remove Mossadeq and appoint General Zahedi prime minister present Mossadeq with the opportunity of reducing the shah's position still further or attempting to eliminate the monarchy altogether.

The Tudeh has already come out against the shah and is charging American involvement. It may be expected to give full support to Mossadeq in any drive against the court.

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17 August 1953

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ASSESSMENT OF THE IRANIAN SITUATION

The failure of the Iranian coup attempted by retired General Zahedi and by Colonel Nasari of the imperial guards leaves Prime Minister Mossadeq in a strengthened position, discourages and weakens his divided opposition, and may lead him to attempt to abolish the monarchy. It will make Mossadeq more suspicious of his associates as well as of the Western powers and may make him more arbitrary and difficult to deal with as the internal situation continues to deteriorate.

Mossadeq who received advance notice of the plot now has military control and is in a position to exploit the situation thoroughly. The Tudeh party has already demonstrated in his support and he can generate considerable popular sympathy by presenting this latest maneuver against him as a foreign-inspired plot against the Iranian people. These circumstances may help Mossadeq secure the election of a new and more amenable Majlis.

The prime minister publicly announced on 16 August that new elections would be set after he had amended the electoral law. In view of his success in controlling the recent referendum on the abolition of the present Majlis he may also be successful in controlling the election of new Majlis deputies. It had been assumed in recent days that Mossadeq would have great difficulty in doing this since the conservatives largely control the countryside and Tudeh might elect some of its own representatives and give the prime minister only limited support.

The failure of the Zahedi-Nasari coup, the arrest of other opponents of the prime minister and the suggestion of more drastic action will have widespread repercussions among the various groups and individuals who would like to remove Mossadeq.

Mullah Kashani although a bitter opponent of the prime minister tends to withdraw quickly whenever Mossadeq is in the ascendency. The small opposition groups of the now dismissed Majlis likewise lack courage. The disgruntled

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army officers are not in a position to act as long as the chief of staff and the chain of command remain in Mossadeq's control.

At this point there appears to be no other group or combination which is ready to try to act against the prime minister or which if it did act could anticipate success.

The involvement of the shah, who signed two decrees to remove Mossadeq and to appoint General Zahedi as the next prime minister, poses a serious threat to the monarchy. The shah's flight to Baghdad and the prominent position occupied in the coup by the commander of the imperial guard is an open invitation to Mossadeq to take action against the monarchy. The prime minister has long wished to remove all power from the shah and on occasion has given indications of a desire to remove him. If he does not succeed in enforcing abdication he will manage to strip from him the remaining vestiges of power.

The prime minister who has long been fearful of assassination may now be expected to act more ruthlessly in maintaining himself. He has long been convinced that the British are plotting his removal. The leftish press in Tehran has begun a campaign accusing the United States of implication in the present coup. Mossadeq may come to view America and Britain as joint conspirators.

The prime minister, however, has consistently hoped for American aid and accordingly has not broken with the United States. His past policy may accordingly be continued. He may be expected to break with the United States only if he is convinced that he can get nothing or if he is in need of a new whipping boy in order to generate more popular support.

The Tudeh has already come out against the shah and is charging American involvement. They may be expected to give full support to Mossadeq in his drive to remove or weaken the shah.

Under these conditions the economic and political deterioration of Iran will continue. Mossadeq, forced to lean on the Tudeh, may be expected to retain political control but will probably assume a more dictatorial position and indulge in more chicanery to maintain himself.

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17 August 1953

CHRONOLOGY

(Tehran time, which is 8½ hours ahead of EST)

- 13 August Shah signed decree dismissing Mossadeq and appointing General Zahedi prime minister.
- 15 August 2300 Colonel Nasari of the imperial guard arrests Deputy Chief of Staff Kiani.
- 2330 Nasari imprisons Minister of Foreign Affairs Fatemi, Minister of Roads Haqshenas and Deputy Zirakzadeh. Fails to locate Chief of Staff Riahi.
- 16 August 0100 Nasari with armored car and soldiers attempts to seize Prime Minister Mossadeq. Nasari is arrested by Mossadeq's guards.
- 0250 Chief of Staff Riahi orders imperial guards disarmed.
- 0345 Iranian home service announces attempted coup.
- 0500 Fatemi, Haqshenas and Kiani released by Mossadeq's followers.
- 0545 Moscow Home Service, quoting an Iranian Communist newspaper, reports that a palace-inspired coup will be attempted in near future.
- 0600 Extraordinary meeting of the government council is held at Mossadeq's home.
- 0700 First government communique announces smashing of plot.
- 1000 Disarmament of imperial guard is completed.
- 1030 Abol Qasem Amini, Minister of Court, is arrested by Mossadeq.
- 1350 Fatemi holds press conference announcing failure of plot which he says has been suspected for some time.
- (The shah and the queen arrive in Baghdad by air early on the morning of the 16th.)
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17 August 1953

COMMENT ON THE ATTEMPTED COUP IN IRAN

The failure of the military coup in Tehran and the flight of the shah to Baghdad emphasize Prime Minister Mossadeq's continued mastery of the situation and foreshadow more drastic action on his part to eliminate all opposition. The prime minister can utilize the situation to generate more popular support for himself at a time when he is facing the problem of how to secure the election of a new and more amenable Majlis. While in the past Mossadeq had not been very aggressive in his efforts to remove his enemies, this incident will reinforce his recent tendency to proceed arbitrarily.

The shah's flight, the involvement of the commander of the imperial guards as leader of the coup, and the imperial decrees to remove Mossadeq and appoint General Zahedi prime minister present Mossadeq with the opportunity of reducing the shah's position still further or attempting to eliminate the monarchy altogether.

Late reports state that army units stationed outside the capital are moving toward Tehran. Since the commander-in-chief of the army remains loyal to Mossadeq significant army support for the coup is not anticipated.

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SECURITY INFORMATION

COUNTRY Iran

REPORT NO. SUBJECT Factors Contributing to the Success
of Zahedi's Assumption of Power

DATE DISTR. 25 August 1953

DATE OF INFO. 19 August 1953

NO. OF PAGES 1

PLACE ACQUIRED REQUIREMENT NO.

REFERENCES

THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
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SOURCE: CORRECTION

A distribution with the above heading, bearing the number was issued 21 August 1953. This distribution was erroneously numbered and should be changed to read

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DATE: JUL 2005

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(Note: Washington Distribution Indicated By "X", Field Distribution By "#".)

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SECURITY INFORMATION

COUNTRY	Iran	REPORT NO.	
SUBJECT	Factors Contributing to the Success of Zahedi's Assumption of Power	DATE DISTR.	21 August 1953
		NO. OF PAGES	1
DATE OF INFO.	19 August 1953	REQUIREMENT NO.	
PLACE ACQUIRED		REFERENCES	

BY CABLE

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SOURCE:

THE FOLLOWING REPORT WAS PREVIOUSLY
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DISSEMINATION NUMBERED

1. The Royalist movement of 19 August 1953 began as genuine and spontaneous mass demonstrations. It was not until these demonstrations had begun to gain momentum that key opposition leaders, including Zahedi, who were in support of the Shah, were able to assume control of the movement.
2. Prime Minister Designate, General Zahedi, and pro-Shah General Hedayatollah Qulianshah both personally manned tanks during the early stages of the uprising as a gesture to encourage the Army and the populace to follow them.
3. A significant contribution to the pro-Shah forces was made by Colonel Tamur Bakhtiar when he led the Kermanshah Brigade to Tehran in support of the pro-Shah forces which were fighting there.

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DATE: JUL 2005

NEAR EAST - AFRICA

3. Comment on the Iranian situation:

[redacted] The unexpectedly strong upsurge of popular and military reaction to Prime Minister Mossadeq's government has enabled the shah's supporters to take over control of Tehran and apparently of important parts of the country, including strategic Azerbaijan. Consolidation of power in Tehran, stronghold of Tudeh and Mossadeq supporters, makes it unlikely that the royalists will be seriously threatened by any opposition originating in the provinces. Indicative of the trend is the pledge of loyalty to the shah made by a leader of such an important tribal group as the Bakhtiari.

The Tudeh has been relatively inactive during the past day; however, it probably is the principal organized threat to Zahedi's government. With a royalist government in control, the Tudeh will undoubtedly be suppressed but will nevertheless remain the best organized, and potentially most troublesome opposition.

The success of a new government will depend to a great extent on its ability to improve rapidly Iran's financial and economic position. A conservative government probably could not reverse the oil nationalization because of popular sentiment. Likewise, a new government probably could not immediately attempt to reach a settlement with the British on terms more favorable than Mossadeq has offered.

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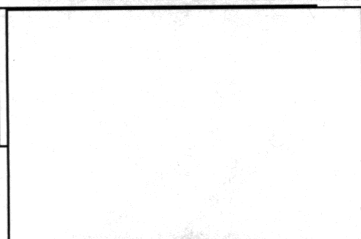
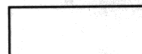
20 Aug 53

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NEAR EAST - AFRICA

5. Royalist success in Iran achieved by exploitation of mass uprising:~~CONFIDENTIAL~~

[REDACTED] the Iranian royalist movement of 19 August began as a spontaneous mass demonstration, and pro-shah military leaders assumed control only after it gained momentum. General Zahedi reportedly manned a tank as a rallying gesture to the army and people during the early stages of the demonstration.

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[REDACTED] the popular character of the uprising by pointing out that at an early stage the leaders of the mobs were primarily civilians. [REDACTED] apparently the Tudeh and Prime Minister Mossadeq had broken their entente on 18 August because of the Communist demonstration that day. As a result, security forces adopted a tougher attitude toward the Tudeh, an attitude which then changed to direct support of pro-shah elements.

Comment: This information confirms the impression left by press reports that the successful countermove against the Mossadeq faction was unplanned and completely unexpected. It assumed the proportions of full-scale action only when the opportunity presented itself to the opposition leadership, which then exploited it at the strategic moment.

In spite of apparent popular support, Zahedi will probably be forced to conduct his government as a military dictatorship until his position is firmly consolidated and he can develop a program which will generate popular support. The allegiance of most of the tribesmen and some of the army units in outlying provinces is not yet clear.

Tudeh demonstrators apparently disappeared when security forces began determined efforts to suppress their activities. There is no evidence that the Tudeh has been seriously disorganized, but it is unlikely that it can launch a successful coup against the royalists at this time.

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DATE: JUL 2005

23. IRAN

Present Situation

Political - Retired General Fazlollah Zahedi, who became prime minister on 19 August after removing Mohammad Mossadeq, appears to be establishing a Western-oriented, moderately nationalist government. This regime relied heavily on mob support in coming into power and now appears to have general popular acceptance. Although there is as yet no organized opposition, Zahedi's ability to retain control of the government depends to a large extent on his capacity to solve successfully the country's many problems.

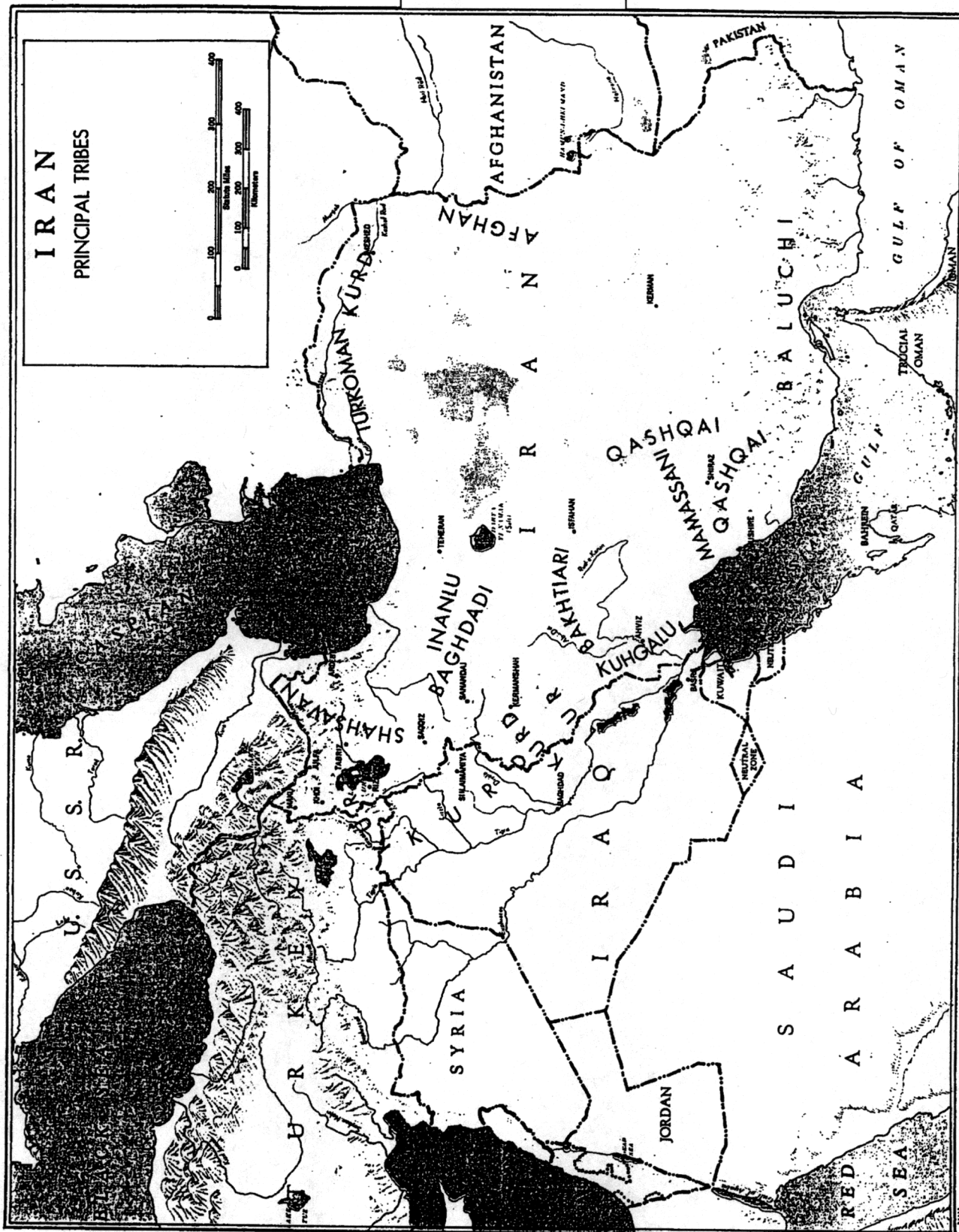
The most immediate problem facing the new regime is to establish a stable and loyal government. Zahedi has taken steps to eliminate unreliable employees, Communist and non-Communist, from all government offices. However, serious friction which has developed between Zahedi and the Shah could threaten the stability of the government if the two do not reach an understanding. Encouraged by the popular acclaim which brought him back from exile after the Zahedi coup, the Shah has endeavored to become the actual, as well as the constitutional, commander-in-chief of the Iranian armed forces. His issuance of orders to the army and promotion of officers without consulting the prime minister have aroused the latter's resentment.

Financial - Iran's treasury is nearly empty and its debt, inherited from the Mossadeq government, was estimated by the Iranian National Bank to be \$500,000,000. The continuing lack of oil revenue contributes to a monthly deficit in the Iranian budget of several million dollars. Recent US emergency aid of \$45,000,000, in addition to about \$23,000,000 in Point IV aid, will help meet Iran's budget deficit until next April, and will be adequate to initiate a few projects which will create temporary work for some of the many unemployed.

Oil - The only long-term hope for improvement in Iran's financial position lies in a settlement of the oil dispute. Zahedi and the British appear willing to begin oil negotiations. The British have insisted on settlement terms which would permit them to ask compensation for loss of profits up to 1993, and prevent Iran from profiting more than its neighbors from its oil resources. Public opinion forces Prime Minister Zahedi to work within the framework of the 1951 nine-point oil nationalization law and will not permit a settlement which would appear to deprive Iran of the full benefit of its oil resources. The success of the oil negotiations depends on the ability of Britain and Iran to reconcile these views.

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Communism - Immediately upon taking office, Zahedi opened a vigorous campaign against the Communist Tudeh, which numbers between 20,000 and 35,000. Many thousands of suspects were arrested and several hundred have been exiled to the western Iranian wastelands. The Tudeh program is crippled, although the core of the party is probably intact. Continued vigilance and suppression by the security forces is necessary to neutralize the party.

Security forces - The army and the gendarmerie, on which the stability of Iran ultimately depends, total about 153,000. They continue to receive some American equipment as well as training assistance from the three small American military missions in Tehran.

Intrigues among high-ranking officers create difficulties for both the Shah and the prime minister. The ability of the security forces to maintain internal security is good. The tribes, particularly the Qashqai in southern Iran, who supported Mossadeq, can cause trouble; but as a whole they probably present no serious threat to the army's control. The Shah is anxious to improve the army's equipment and morale through higher pay and better housing. He has also requested heavier tanks and artillery, and more engineering equipment, as well as jet aircraft and jet-training.

Relations with the US - The present government is oriented more toward the United States than was the Mossadeq government. Prompt American emergency aid, and Iranian suppression of anti-American Communist propaganda have, for the present at least, produced a friendly attitude among most Iranians.

The prime minister was disappointed by, what he considered the small amount of the American grant. He sent a personal representative to Washington in late September to urge more aid. The Shah also pressed for additional financial assistance to the extent of about \$1,000,000 monthly for the armed forces, upon which he believes the security of his position depends.

Estimate of Probable Developments

It is still too early to reach firm conclusions regarding the prospects for the new regime. Although Zahedi will probably have a few months of grace in which to work out his problems, he must make some progress on many fronts to avoid the ultimate disintegration of his government. The prime minister will almost certainly have to achieve some solution of the oil problem if he is to obtain an adequate basis for attacking Iran's underlying problems of economic and social

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backwardness. He clearly expects further US assistance. Even with an oil solution and American aid, economic and social improvement cannot be achieved rapidly, and the government will find it difficult to satisfy popular aspirations. Moreover, Zahedi or his successor will probably become increasingly subjected to the political intrigues which have characteristically limited the effectiveness and tenure of previous Iranian governments.

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May - 1948

MYTELS, February 7, February 21, February 25, indicate my growing concern over the outcome of elections in Italy. I am sure that Department will agree with me that if the Communists and the Communist controlled PSI should succeed in obtaining a sufficient electoral strength to ensure their reentering the government it will mean the defeat of our entire Italian policy and the beginning of a trend towards totalitarianism in Italy that it will be practically impossible to stop. The responsibility of such development will of course rest with the Italian people but a Communist electoral victory will also mean a victory for Soviet policy regarding Italy as opposed to the policy of the US. The Soviet Union in its policy in Italy has quite obviously concentrated entirely on direct support of Communist Party in Italy and the unlimited funds now being spent by the Communist for electoral purposes are the result of Soviet support.

As the election campaign develops, the weight of the well-organized, dynamic, and costly campaign of the Communist-Socialist front becomes clearly and disturbingly evident. Through sheer preponderance of expenditures for posters, leaflets, busses, flags, bands, and general paraphernalia of demagoguery the front is pulling in masses in almost every area in Italy. This campaign, of course, is largely based on the dangers of imperialist monopoly inherent in American aid and the Marshall Plan, to which are added promises of nationalization of industry and division of the land to the peasants. The successes of what they call the "democratic forces" of Gottwald in Czechoslovakia, Pauker in Rumania, and Rakosi in Hungary, are headlined as indication of the strength of the "peoples" Communist movement which will inevitably take over all of Europe. With considerable skill and alarming success they are playing up the Italian propensity to flock to the winning banner.

Practically all the non-Communist Italians with whom we have conversed during the past two weeks appear greatly concerned over the present trend of public opinion. They see their own campaigns as pitifully small and inadequate as compared with the blazing fanfare of the Communist-Socialist front, yet they claimed to have gathered every available lira from industry and from individuals. They state that the business recession, the stringency of bank credits, the severe drop in the value of securities on the bourse, and the heavy demands of the patrimonial tax have made it impossible for them to raise funds which are comparable to those available to the Communists.

The Prime Minister himself has remarked to me on the wave of alarm which has penetrated quite generally since the Pescara elections.

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Day after day the Embassy continues to be approached by responsible persons who urge that assistance be given by the US to the campaign of the non-Communist parties. One of these, the Under Secretary of the Interior, emphasizes that he now no longer is preoccupied by the question of a Communist uprising or an attempt to take power by force. He says that the situation has now become one where the real worry is that the Communists would merely walk into power by legal electoral means through having been able to win the electoral campaign by manipulation and lavish expenditure of funds not available to the other parties.

I consider that the time has now come for us to take appropriate measures whereby the center and left forces in Italy who stand for the principles of democracy will receive financial support equal to that available to the Communists. I recommend that this financial support be limited to the Independent Socialist and Christian Democratic Parties and possibly the Republican Party, and that it be transmitted through non-governmental channels. The American people and the Congress have poured American aid into Italy at the rate of 350 million dollars for this fiscal year alone. Altogether, the US has spent nearly two billion dollars to save Italy from totalitarianism and Communist domination. It seems incomprehensible to me that in this final and critical moment we should refrain from additional aid of some one or two million dollars to be used in an electoral campaign which will decide the future of Italy and will have a great bearing on the future of Europe.

I make this recommendation after serious consideration of the situation before us and based upon my deep conviction that the vast majority of Italians are not at heart in favor of the country coming under the domination of the Communists. I feel that there would be no question as to the outcome if the Italian people thoroughly understood the issue before them, but they cannot be expected to understand the issue if the one-sided campaign of lies, promises, and distortions by the Communists is not met by a presentation by the forces of democracy of the real issue of independence and the individual liberty as against totalitarian slavery. To present this case to the people all the paraphernalia of an electoral campaign is needed and the democratic forces in Italy will be unable to present their case unless they receive some assistance.

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SECURITY INFORMATION

COPY NO. 1
FOR THE PRESIDENT
OF THE UNITED STATES

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NATIONAL INTELLIGENCE ESTIMATE

PROBABLE DEVELOPMENTS IN IRAN IN 1952 IN THE ABSENCE OF AN OIL SETTLEMENT



NIE-46

Published 4 February 1952

CENTRAL INTELLIGENCE AGENCY

Declassified by 005827
date 15 October 1981

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SECURITY INFORMATION

NATIONAL INTELLIGENCE ESTIMATE

PROBABLE DEVELOPMENTS IN IRAN IN 1952 IN THE ABSENCE OF AN OIL SETTLEMENT

NIE-46

The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 31 January 1952.

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PROBABLE DEVELOPMENTS IN IRAN IN 1952 IN THE ABSENCE OF AN OIL SETTLEMENT

CONCLUSIONS

1. The probability of Mossadeq or another National Front leader continuing as Prime Minister at least for the present appears strong. His parliamentary position and that of the National Front will probably be further strengthened as a result of the current elections. It is unlikely that the Shah will influence events in the immediate future.
2. The maintenance of National Front strength in the present highly volatile situation will depend primarily on the government's success in solving financial problems resulting from the nationalization of oil and in satisfying the basic economic and social demands which have been intensified by the nationalization issue.
3. It is unlikely that Iran can sell financially significant amounts of oil to non-Soviet orbit countries without the acquiescence of AIOC, or will obtain significant oil revenues from sales to the Soviet orbit countries.
4. However, the Mossadeq government can meet its essential obligations for two or three months by resorting to the various expedients available to it without legislative action by the Majlis. It can probably gain the backing of the new Majlis for measures which would avert a fiscal breakdown at least through the summer of 1952.
5. Nevertheless, the economic position of Iran will become progressively more precarious and the Mossadeq government will be under increasing pressure to satisfy the hopes for social and economic benefits aroused by the nationalization program.
6. Failure to provide these benefits would be likely to lead many National Front supporters to turn to the Tudeh Party.
7. It is almost certain that the National Front leaders will have difficulty in agreeing on measures to satisfy popular demand for social and economic benefits and in obtaining Majlis support for these measures. Therefore, in order to put through such measures, the National Front government would probably be forced to adopt authoritarian methods.
8. If the National Front government is replaced by a conservative government the new government would almost certainly be forced to make concessions to nationalist sentiment and to rule by authoritarian methods.
9. We thus believe that barring establishment of authoritarian rule, either by the National Front or by the conservatives, the Tudeh potential for gaining control over the country will substantially increase. However, we do not believe that a Tudeh coup is imminent.

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DISCUSSION

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The Present Situation

10. Prime Minister Mossadeq and the National Front movement continue to dominate the political scene in Iran. They have retained the enthusiastic support, particularly in Tehran, of the urban workers, shopkeepers, teachers, students, government employees and religious zealots who, under Mossadeq's leadership, have seized the political initiative from the traditional ruling groups of wealthy merchants and landlords. Although his followers in the National Front do not form a firmly-knit party, and some are ambitious, self-seeking politicians like Mullah Kashani and Hossein Makki, Mossadeq will most likely be able to prevent a split in the National Front in the near future.

11. The oil crisis has not had any noticeable effect on the national standard of living, and has only begun to affect payment of government salaries. Although the oil industry has provided the Iranian Government with no royalties since April and no other foreign exchange since September, Mossadeq has been able to delay a financial breakdown by drawing on the reserves maintained to cover issuance of bank notes and by diverting funds from the Seven Year Plan Organization. Civil service, army, and security force salaries are no more in arrears than usual. All the Iranian oil workers formerly employed by the AIOC are still being paid by the Iranian Government, even though the vast majority are not fully employed. With regard to most petroleum products, Iran's internal needs have been supplied by the Kermanshah refinery, which has been kept in operation, and by limited production at the Abadan refinery. Meanwhile, the overwhelmingly peasant majority of Iran's population has remained unaffected by the present crisis. Despite some usual instances of local crop failure, this year's food crop has been approximately normal, prices have remained stable, and there have been no shortages of sugar and tea, the only imported staples in Iran's diet.

12. Conservative opposition to Mossadeq is at present disorganized, hesitant, and fearful. This opposition is drawn mainly from

the traditional ruling group, many members of which fear they will lose their parliamentary seats in elections conducted by the Mossadeq government. Although a substantial majority in the Majlis is basically opposed to Mossadeq, most of the deputies have supported him on the oil issue and acquiesced in Mossadeq's decision to hold elections while his popularity was high. Mossadeq's critics are reluctant to expose themselves to the mob hysteria and possible violence which they fear Mossadeq's group or the Tudeh Party might bring to bear against them. More important, they have been restrained by the Shah's failure to commit himself to support the removal of Mossadeq. Although the Shah asserts that Mossadeq's oil policy will prove disastrous for Iran, he has been unable to agree with the opposition on a suitable successor to Mossadeq and apparently fears that an attempt to remove Mossadeq at this time would lead to his own assassination or to a revolution against his throne.

13. The Communist-dominated Tudeh Party has bettered its position considerably during Mossadeq's tenure of office. Although Mossadeq is basically hostile to Soviet imperialism, his government has failed to take a clear-cut stand against the Tudeh Party, primarily because Mossadeq is unwilling to take drastic action against an organization which he believes can be kept under control and which supports the government on the nationalization issue. In addition, some National Front leaders and government officials appear to be Tudeh sympathizers. As a result, Tudeh has been able to carry on a program of agitation and demonstrations and has gained increased support, notably among students, industrial workers, and civil servants. While the size of the Tudeh Party cannot be accurately determined, we believe its present strength is much lower than the several hundred thousand supporters claimed by Tudeh during its heyday in 1946. Recent US and British field estimates give a total of about 8,000 actual members in the Tehran area (with perhaps three or four times as many sympathizers) and a total of some 5,000 members in the oil

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field area, in Azerbaijan, and along the Caspian coast. The Tudeh has succeeded in penetrating several departments of the government (notably Education and Justice), although not to the extent of seriously influencing government policy or operations. Available evidence indicates that Tudeh has had less success in penetrating the army and security forces.

14. Mossadeq's current foreign policy represents a compromise between the basic nationalist desire to eradicate all foreign interference in Iran and Iran's need for foreign assistance. Mossadeq and most of his followers are as much opposed to Soviet as to British interference in Iran, and also are suspicious of closer ties with the US. They fear that such ties would lead to direct political or economic penetration which would oblige Iran to commit itself to the West or antagonize the USSR. Nevertheless, Mossadeq has recognized, as most Iranian leaders have in the past, that Iran cannot maintain a completely isolationist position, and is following out the traditional policy of balancing off the great powers against each other. Although his followers have not hesitated to attack the US as well as the UK, Mossadeq has asked that the US provide emergency financial assistance to Iran until such time as the oil industry is restored to production. He has simultaneously entered into negotiations for a new trade agreement with the USSR and has reportedly sought oil technicians from the Soviet bloc as well as from various Western countries. He has also reportedly entered negotiations with Poland, Czechoslovakia and Hungary for the sale of Iranian oil.

Probable Economic Developments Under Mossadeq

15. In the absence of an oil settlement, Iran will continue its efforts to sell to any customer. It is unlikely, however, that Iran could sell financially significant amounts of oil to non-Soviet orbit countries without the acquiescence of AIOC and the other major Western distributors. Moreover, as further discussed below, it is unlikely that Iran could obtain significant oil revenues from sales to the Soviet orbit countries.

16. Although Mossadeq will probably continue to seek US aid to enable him to meet his budgetary deficit—which would make it easier for him to stand firm on his own terms for an oil settlement and would temporarily strengthen his political position—it is increasingly clear that he opposes the development of closer military and political ties with the West. He has vacillated on giving formal approval to the continuance of the US military missions and the military aid program. He also has strong objections to becoming subject to the US economic advice. Although he was recently prevailed upon to sign a Point IV agreement, he has thus far refused to provide the assurances that would enable Iran to obtain military assistance under the Mutual Security Program. If he fails to receive US aid to relieve his growing budgetary difficulties, he may terminate the contracts of the US military missions and eventually curtail US technical and economic assistance activities in Iran. However, it is also possible that internal pressures may force him to go further in giving commitments to the US than he would personally favor. Meanwhile, he will almost certainly make greater efforts to expand Iran's economic relations with other countries including the Soviet bloc, providing they do not appear to involve foreign interference in Iran's domestic affairs.

17. As an alternative to US aid, Mossadeq almost certainly would press forward with negotiations now under way with Poland, Czechoslovakia and Hungary for the sale of some two million tons of Iranian oil, and will probably also seek oil deals with other members of the Soviet bloc or with the USSR itself. However, it is unlikely that the Soviet bloc could provide enough tankers to move financially significant quantities of oil from Iran, and thus the sale of oil to the Soviet bloc would probably not provide Mossadeq with a lasting solution of his financial problems.

18. The USSR might attempt to gain political advantages in Iran by providing Mossadeq with limited advances against future oil deliveries or by satisfying Iran's dollar and gold claims against the USSR. Such measures would have only a temporary effect on the

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financial position of the Mossadeq government. We do not believe that the USSR would be willing to give Mossadeq sufficient assistance to solve Iran's financial problems except on terms which he would be unable to accept. The Soviets probably estimate that their best chance of gaining control of all or parts of Iran is by allowing the situation to continue to deteriorate rather than by bolstering any Iranian Government.

19. The loss of foreign exchange as a consequence of the closing of the oil industry will force the Iranian Government in the coming months to reduce imports largely to the level which can be financed from the proceeds of non-oil exports. Because of the high level of exports which has characterized Iranian foreign trade in the Korean war period and which is expected to continue at a substantially similar level for at least over the next six months, and because of the still uncommitted Central Bank holdings of foreign exchange of approximately 30 million dollars, it is improbable that the government would be forced during the next six months to cut imports to a point where the standard of living will be seriously affected. Nevertheless Iran's economic position without oil revenues is precarious. The prospects for Iranian-financed economic development are largely foreclosed. A crop failure or a decline in exports would lead to quick and serious difficulties. In any event, maintenance of imports at politically satisfactory levels would lead to a steady drain on foreign exchange reserves, which, in time, would leave Iran with no margin for contingencies.

20. The chief impact of the cessation of oil production has up to now been on the fiscal position of the government. The monthly budget deficit has increased to about four times the rate of the first half of 1951. (At the new exchange rate of approximately 60 rials to the dollar the current estimated monthly deficit would be 6.5 million dollars.) During the past four months this deficit has been financed largely by drawings upon the 40 million dollars of sterling transferred last August from the note cover. Within a month the remainder of this sterling will have been

sold to the Central Bank for local currency. The Government could, without reference to the Majlis, maintain its current rate of deficit spending through April provided it carried through with the bond drive more vigorously, and in addition took steps to enable the National Iranian Oil Company to borrow directly from the Central Bank, drew upon the 8 million dollars recently acquired from the International Monetary Fund, sold government stocks of wheat and sugar, and undertook other possible improvisations.

21. If it is to meet its essential obligations beyond April, the Mossadeq government will have to seek legislative authority enabling the Central Bank to increase the currency issue and make additional loans to the government. Resort to such tactics, however, would arouse serious opposition in the present Majlis and therefore Mossadeq will probably not seek this authorization until after the convening of the new Majlis (now scheduled for late February) in which National Front strength will probably be sufficient to give the Mossadeq government legislative authority to meet its obligations through the summer of 1952. The ability of the government to continue to meet its financial obligations in the absence of adequate oil revenues thus depends upon its will and determination to resort to the expedients available to it, and upon its success in persuading the Majlis to follow its lead.

Prospects For The Survival Of The Mossadeq Regime

22. The survival of the Mossadeq government, however, will not depend solely upon its ability to avert a financial breakdown. The popularity of the Mossadeq government derives largely from its success in "liberating" Iran from British interference. However, the unrest which has found expression through, and has been intensified by, the oil nationalization issue is not likely to subside now that the AIOC has been ejected. Although Mossadeq will continue to benefit from popular opposition to the British, he will have increasing difficulty drawing public attention away from his failure both to fulfill promises of economic improvement and to derive significant bene-

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fits from Iran's oil resources. He is thus likely to be faced with the possibility of losing popular support.

23. Although the new Majlis will probably continue to support Mossadeq on the issue of British interference, the National Front majority is itself likely to split on other issues. The government will almost certainly have difficulty in agreeing on and in obtaining Majlis support for measures which would allay popular demand for social and economic benefits. Failure to carry through with such measures would probably lead many supporters of the National Front, both within and outside the Majlis, to turn to the Tudeh Party, which is the only disciplined party in Iran offering a clear-cut program of social and economic reform. In order to forestall such a development, the National Front government would probably be forced to adopt authoritarian methods.

24. The tendency of minority groups and provincial leaders to ignore the writ of the central government would also increase if the National Front government failed either to keep Majlis support or to adopt authoritarian methods. Mossadeq apparently distrusts the army and the gendarmerie and has given them little support. This may eventually have a serious effect on their morale and consequently on their will and ability to maintain the government's authority over such potentially separatist elements as the Azerbaijanis, the Kurds, the Bakhtiari, and the Qashqais, as well as in Tehran. The ability of the government to maintain frontier security and collect taxes would decline. A weakening of the government's central authority would greatly enhance the danger of a substantial increase in Tudeh influence, not only in Tehran but particularly among the oil workers in the South and the population of Iran's northern provinces. There would also be greater opportunities for Soviet exploitation.

25. It is probable that either Mossadeq or another National Front leader will continue as Prime Minister, at least for the present. The Shah has the constitutional power to dissolve the Majlis and can usually remove a Prime Minister from office. He also is Com-

mander in Chief of the Army and has the support of the Army. It is extremely unlikely that he would use his power to remove Mossadeq as long as the latter has the support of the Majlis, since such a move might lead to serious civil disturbances. If Mossadeq's popular support weakens, the chances of his removal by normal political means will increase. In this event, the land-owning group will probably try to reassert its control over the central government and may be successful if a suitable leader can be found.

26. A conservative regime, however, would be confronted with the same social and economic problems. An attempt by a new government to obtain an oil settlement on terms presently acceptable to the West would meet with the most vigorous opposition by the National Front and the Tudeh Party. Consequently, in order to stay in power and cope with the situation, such a successor regime would almost certainly be forced to make concessions to nationalist sentiment and to rule by authoritarian methods.

27. We thus believe that during 1952 there will be increasing demands for social and economic benefits which Mossadeq and the National Front will find it hard to satisfy without adopting authoritarian methods, partly because of the lack of unity in the National Front and partly because of difficulties in meeting financial requirements. Barring establishment of authoritarian rule either by the National Front or by the conservatives, the Tudeh potential for gaining control over the country will substantially increase. However, a Tudeh coup is not considered imminent for the following reasons:

a. There is no evidence of appreciable Tudeh penetration of the armed forces;

b. So far as is known the key ministries (defense, communications, and internal security) have not been effectively penetrated by the Tudeh;

c. There is no indication that the Tudeh has an armed paramilitary organization of any significance; and,

d. There has been strong rivalry between the National Front and the Tudeh on most matters. We believe this rivalry will continue for the period of this estimate.

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6

NATIONAL INTELLIGENCE ESTIMATE

PROBABLE DEVELOPMENTS IN IRAN THROUGH 1953



NIE-75/1

Published 9 January 1953

The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. This estimate, NIE-75/1, incorporates certain amendments to the Conclusions of NIE-75 made by the IAC on 11 December. It therefore supersedes NIE-75, which was published 13 November 1952.

All members of the Intelligence Advisory Committee concurred in this estimate on 2 January 1953.

CENTRAL INTELLIGENCE AGENCY

Declassified by 605827
date 15 October 1991

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REPORTS OF
HARRY S. TRUMAN
PRESIDENT'S SECRETARY

7 January 1953

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SUBJECT: Recall of MIA - 75

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B. Therefore, it is requested that all copies of MIA 75
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Chief, Liaison Division
Collection and Dissemination
Central Intelligence Agency
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Washington 25, D. C.

FOR THE ASSISTANT DIRECTOR, COLLECTION AND DISSEMINATION

[Signature]
Harold A. Jones
Chief, Liaison Division
Collection and Dissemination

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PROBABLE DEVELOPMENTS IN IRAN THROUGH 1953

THE PROBLEM

To estimate probable future developments in Iran through 1953.

CONCLUSIONS

1. The Iranian situation contains so many elements of instability that it is impossible to estimate with confidence for more than a few months. On the basis of present indications, however, it appears probable that a National Front government will remain in power through 1953, despite growing unrest. The government has the capability to take effective repressive action to check mob violence and Tudeh agitation and will probably continue to act against specific challenges of this sort as they arise. The government is likely to retain the backing of the Shah and control over the security forces.

2. Even in the absence of substantial oil revenues and of foreign economic aid, Iran can probably export enough to pay for essential imports through 1953, unless there is a serious crop failure or an unfavorable export market. The government probably will be able to obtain funds for its operation. Some inflation will occur. Capital development will be curtailed, and urban living standards will fall. However, we do not believe that economic factors, in themselves, will result in the overthrow of the National Front in 1953.

3. Under these circumstances, the Communist Tudeh Party is not likely to develop the strength to overthrow the National Front by constitutional means or by force during the period of this estimate. Although the danger of serious Tudeh infiltration of the National Front and the bureaucracy continues, Tudeh is also unlikely to gain control by this means during 1953. Nevertheless, unexpected events, such as a serious crop failure or a split in the National Front as a result of rivalry among its leaders, would increase Tudeh capabilities greatly. And if present trends in Iran continue unchecked beyond the end of 1953, rising internal tensions and continued deterioration of the economy and of the budgetary position of the government are likely to lead to a breakdown of governmental authority and open the way for at least a gradual assumption of control by Tudeh.

4. Settlement of the oil dispute with the UK is unlikely in 1953.

5. During 1953 Iran will attempt to sell oil to other buyers, both in the Soviet Bloc and the West. Shortage of tankers will limit sales to the Soviet Bloc to token amounts. Small independent Western

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oil companies will probably not buy significant quantities of oil. We estimate that major Western oil companies will not be willing to make an agreement with Iran so long as the current legal, economic, and political obstacles exist. Nevertheless, some moderate-sized oil companies are becoming restive, and it is possible that combinations for the purchase and transport of substantial quantities of Iranian oil may be made unless there is direct and strong objection by the US Government. The British would probably regard any arrangement between US oil companies and Iran, in the absence of British concurrence, as a serious breach of UK-US solidarity.

6. Kashani or possibly another National Front leader might replace Mossadeq during 1953. Any successor would probably be forced to resort to ruthless tactics to eliminate opposition. In his struggle to eliminate his opposition and particularly if he failed to do so, Tudeh influence and opportunities for gaining control would increase rapidly.

7. The Mossadeq regime almost certainly desires to keep US support as a counterweight to the USSR and appears to want

US economic and military assistance. Nevertheless, there will probably be an increasing disposition to blame the US, not only for Iran's failure to sell substantial amounts of oil or to obtain an oil settlement, but also for Iran's financial and economic difficulties.

8. Therefore, the US Point Four and military missions are likely to find it even more difficult to operate during 1953 than at present. They would probably be placed under severe restrictions if Kashani or other extremists came to power. However, neither the Mossadeq Government nor a successor National Front regime is likely to expel these missions during 1953.

9. The USSR appears to believe that the Iranian situation is developing favorably to its objectives. We do not believe that the USSR will take drastic action in Iran during 1953 unless there is a far more serious deterioration of Iranian internal stability than is foreseen in this estimate. However, the USSR has the capability for greatly increasing its overt and covert interference in Iran at any time, to the detriment of US security interests.

DISCUSSION

INTRODUCTION

10. Events since the nationalization of oil in 1951 have profoundly changed the political climate in Iran. The political forces which brought Mossadeq and the National Front to power are powerful and lasting. The Shah and the formerly dominant landowning class have lost the political initiative, probably permanently. Nevertheless, the coalition of urban nationalists and religious zealots which Mossadeq heads has no agreed program for the future, being united primarily by a com-

mon desire to rid the country of foreign influence and replace the traditional governing groups. The ability of the National Front to remain in power, as well as Iran's ultimate role in the East-West conflict, will depend in large measure on the National Front's success in working out solutions to the serious social, political, and economic problems which will confront it during the next year.

11. Although unrest in Iran derives from a complex of factors extending far beyond the oil dispute with the UK, this dispute none-

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theless has become the focal point of political activity. Mossadeq rode to power on the issue of nationalization of oil, and his present political strength derives largely from his continued defiance of the UK.

PROSPECTS FOR A NEGOTIATED OIL SETTLEMENT

12. *British Attitude:* We believe that the UK will almost certainly continue to insist that there be some form of neutral arbitration of the amount of compensation for the seizure of Anglo-Iranian Oil Company properties even though nationalization *per se* is no longer an issue. The UK will probably also continue to resist making payments against Iranian claims without first obtaining firm Iranian commitments to follow through with a settlement.

13. In taking this stand, the UK is motivated primarily by considerations of prestige and precedent. The Conservative government would face strong political opposition at home if it agreed to Mossadeq's present terms. Perhaps more important, the British feel that capitulation to Iran would threaten their own and the Western oil position generally in other parts of the Middle East. Meanwhile, the British feel under no immediate compulsion to make a settlement with Mossadeq. In the first place, increased production in other areas has already made up for the loss of Iranian crude oil production, although the refining capacity at Abadan has not been fully replaced. Secondly, although the UK believes that lack of oil revenues will result in progressive economic and political deterioration in Iran, it does not appear to regard a Communist takeover in Iran as imminent.

14. Moreover, the British are not likely to be induced to make greater concessions to Iran by the prospect of Iran's selling oil in the absence of a settlement with AIOC. The UK probably believes that in the absence of an agreement between Iran and a major US oil company, it can continue to exert economic pressure on Iran and prevent the shipment and sale of significant quantities of Iranian oil in world markets. The British would probably regard such an agreement, in the

absence of British concurrence, as a serious breach of UK-US solidarity.

15. *Iranian Attitude:* Although the Mossadeq Government desires and needs revenues from the sale of oil, its attitude toward the oil dispute is conditioned largely by political considerations. The National Front has manipulated oil nationalization into such a powerful symbol of national independence that no settlement would be acceptable unless it could be presented to the Iranian public as a clear political victory over the UK. Mossadeq has been under growing pressure from extremists such as Kashani who maintain that Iran's oil resources are a curse rather than a blessing and that Iran should reorganize its economy to avoid dependence on oil revenues. On the other hand, Mossadeq's strength with other elements in the National Front has depended largely on his continued success in persuading the Iranian people that he is doing his best to restore oil revenues but that he is being blocked by British intransigence, injustice, and greed. Whether or not Mossadeq has the political strength and prestige to persuade the Iranian public to agree to an oil settlement on terms which the UK could accept, his performance to date provides no indication that he desires to or will do so. On the contrary, he has made successively greater demands for British concessions.

16. We believe, therefore, that a negotiated oil settlement during the period of this estimate is unlikely.

PROBABLE DEVELOPMENTS IN THE ABSENCE OF A NEGOTIATED SETTLEMENT

The Oil Problem

17. Despite the severance of diplomatic relations with the UK, Iran will probably be receptive during the coming year to further proposals for a settlement of the oil dispute. For political as well as economic reasons it will also make every effort to sell oil to other buyers, both in the Soviet Bloc and the West. It will avoid entering into any agreements which could be construed as violating Iran's sovereignty or its control of the oil industry.

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18. It is unlikely that Iran will sell significant quantities of oil during 1953 unless it can make arrangements with a major Western petroleum distributing firm or a combination of moderate-sized firms. Although it is likely to sign further trade agreements with Soviet Bloc countries calling for delivery of Iranian oil, the extreme shortage of tankers available to the Soviet Bloc will restrict shipments to token amounts. It also is unlikely to sell financially significant quantities of petroleum to small independent Western oil companies in view of the difficulties which these companies would have in chartering the necessary tankers and in breaking into established markets. We estimate that major Western oil companies will not be willing to make an agreement with Iran so long as the current legal, economic, and political obstacles exist. Nevertheless, some moderate-sized oil companies are becoming restive, and it is possible that combinations for the purchase and transport of substantial quantities of Iranian oil may be made unless there is direct and strong objection by the US Government.

19. Barring an agreement with a major Western concern or combination of moderate-sized firms, Iran will not realize sufficient revenue from oil to alleviate appreciably either the government's fiscal problem or the nation's economic difficulties. The principal effect of such limited sales would be political. They would enhance Mossadeq's prestige by enabling him to claim success in defying the UK and to claim that his government was making progress toward restoring oil revenues.

Economic and Financial

20. To date the loss to Iran of oil revenues does not appear to have been directly reflected in reduced consumption levels, although investment has been slowed. Wholesale prices and the cost of living index have risen very little since early 1951. Since the beginning of 1952, there has been some drop in real income and business activity; and a corresponding rise in unemployment, mainly because of the postponement of government disbursements under budgetary pressure.

21. Until mid-1952, the government financed its deficits mostly by selling government assets to the government-controlled Bank Mellî and borrowing from semi-public institutions. By mid-1952, the government had exhausted nearly all its gold and foreign exchange holdings except for the legal minimum required as backing for the currency. Since mid-1952, the government has been meeting its deficit, currently running at 300,000,000 rials a month, principally through unsecured loans from the Bank Mellî.

22. Mossadeq is not likely to make substantial reductions in government expenditures. Although he at one time considered reducing the armed forces budget, more recently he appears to have realized the importance of these forces in maintaining order throughout the country. He cannot afford to stop payments to the unemployed oil workers at Abadan. Although he may attempt to resettle some of those workers in other areas, he will be reluctant to do so as long as there is a possibility of reviving the oil industry. Mossadeq may, in fact, be forced to increase government expenditures, to provide, for example, working capital for factories and to finance the small economic development projects already under way. Moreover, he must find funds for relief during the slack winter months, when some unemployed agricultural and construction workers customarily migrate to the cities.

23. Prospects for increasing government revenues during 1953 are slight. The only significant sources of increased tax revenue are the wealthy landlords and capitalists. Although Mossadeq has the authority and will probably make greater efforts to tap these sources, perhaps in some cases by outright confiscation, even full exploitation of these sources would not eliminate the government deficit. On the basis of recent experience, further bond issues are not likely to raise adequate amounts.

24. In the absence of foreign aid during 1953, therefore, the government will probably resort increasingly to deficit financing, primarily by unsecured loans from the Bank Mellî

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and by increasing the amount of currency in circulation. The government may also resort to confiscation of property and the sale of government stocks, such as opium and rice.

25. Iran's imports will continue to decline. Although exports are expected to be slightly higher than the 1951-1952 level, they will be sufficient to meet only about one-half Iran's imports prior to the oil dispute. In view of the near exhaustion of foreign exchange holdings, imports will have to be reduced to approximately this level, thus contributing to inflationary pressures and causing some reduction in urban business activity. Reducing imports will cause sharp reductions in the availability of luxury goods and some reductions in capital goods during 1953, but is not expected to deprive Iran of essential imports. There will also be a trend toward barter agreements, and the already substantial Iranian trade with the Soviet Bloc will tend to increase.

26. The net results of the financial and economic steps likely to be taken by the government during 1953 will probably be: price increases of perhaps as much as 20 to 30 percent; some reduction in living standards in the cities; a substantial increase in the national debt; a reduction of privately held and government stocks; and further postponement of the government's own economic development program. A continuing low level of capital goods imports will lead to some deterioration of Iran's physical plant; at the same time, upward pressures on the price level, arising in large part from government deficits and declining public confidence, will bring nearer the danger of runaway inflation. Moreover, the government will have little margin of safety for coping with such unanticipated eventualities as a serious crop failure. Although we do not believe that these developments, singly or collectively, are likely in themselves to cause the overthrow of the National Front in 1953, a continuation of these trends beyond 1953 will have a serious effect on political stability.

Political

27. The principal internal political problems facing a National Front regime will be to retain popular support, to preserve unity in the National Front, and to maintain the morale and effectiveness of the security forces.

28. During 1953 the dispute with the UK will gradually become less effective as an instrument for rallying popular support behind the government. As the economic effects of the loss of oil revenues become more noticeable, the government will be under greater pressure from large property owners to restore oil income. Tudeh and the more radical elements in the National Front will increase their demands for social and economic improvements. In response, the National Front government will probably attempt a more vigorous enforcement of agrarian and labor legislation. Enforcement will be haphazard and will require increased use of force. The agrarian program will be bitterly opposed by some landlords, and clashes between peasants and landlords are likely to increase.

29. The illegal Tudeh Party will continue to profit from the gradual economic deterioration that will take place during 1953 and from the haphazard enforcement of the government's program for social and economic improvements. The party will continue its efforts to weaken and divide the National Front, will attempt to instigate riots and disorders by peasants and urban workers, and will intensify its propaganda against the US and the Shah. It will probably make some further progress in infiltrating the National Front and some government agencies. However, the government has the capability to take effective repressive action to check mob violence and Tudeh agitation. It has recently outlawed strikes and will probably continue to act against specific Tudeh challenges to its authority as they arise. We believe that Tudeh will not be granted legal status during 1953 and that it will not develop sufficient strength to gain control of the government by parliamentary means or by force. There is serious continuing danger of Tudeh infiltration of the National Front and the gov-

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ernment bureaucracy, but we believe that Tudeh will not be able to gain control of the government by this means during 1953.

30. To maintain itself in power, the government will rely increasingly on the security forces. As stated above, the government can and probably will avoid substantial reductions in the military budget. Recent changes in the high command are not believed to have significantly reduced the morale and effectiveness of the security forces. These will probably remain loyal to the government and if given explicit orders will probably be capable of maintaining order except in the unlikely event of simultaneous nation-wide riots and disturbances. We do not believe that the Tudeh Party will develop sufficient strength during 1953 to instigate disturbances beyond the capability of the security forces to control.

31. Mossadeq will probably continue to benefit from the inability of the opposition to unite or exert effective power. In the past, Mossadeq has shown great skill in isolating his opponents and attacking them one by one. He is likely to continue those tactics and to adopt progressively forceful measures against the opposition. The Majlis has granted him authority to rule by decree until mid-February, and we believe he will be able to have this power extended if he considers it necessary.

32. It seems probable that the National Front will remain in power during 1953. It is likely to retain the backing of the Shah and control over the security forces. The groups opposing the National Front are not likely to have the strength or unity to overthrow it. However, we are unable to estimate with confidence whether Mossadeq himself will remain in power during 1953. Kashani, Mossadeq's strongest potential opponent, will probably continue to exert a strong influence on Mossadeq and consequently will probably prefer to remain in the background while Mossadeq continues to shoulder responsibility. On the other hand, Kashani is building up his own political strength and might, should he so

desire, be able to oust Mossadeq by parliamentary means during 1953.

33. Kashani would also be the probable successor to Mossadeq in the event of the latter's death. Regardless of how Mossadeq is replaced, Kashani or any other National Front successor could not be assured of the support of all the diverse elements of the National Front. Any successor regime would, therefore, be likely to resort to ruthlessness to destroy opposition. In its struggle to do so, and particularly if it failed to do so, Tudeh influence and opportunities for gaining control would increase rapidly.

34. If present trends in Iran continue unchecked beyond the end of 1953, rising internal tensions and continued deterioration of the economy and of the budgetary position of the government might lead to a breakdown of government authority and open the way for at least a gradual assumption of control by Tudeh.

PROBABLE DEVELOPMENTS IF THE UK AND IRAN REACH AGREEMENT ON THE OIL QUESTION

35. If the Iranian Government reached an oil settlement with the UK — no matter how favorable to Iran — it would almost certainly be confronted with violent demonstrations in urban centers by the Tudeh Party and probably by extremist elements in the National Front. There would also be immediate danger of Tudeh sabotage of oil installations. However, the government would almost certainly have the backing of the Shah, the security forces, and the more moderate National Front elements and would probably be able to suppress these disturbances. The resumption of large-scale oil exports would go far toward easing the government's budgetary difficulties and would enable it to take steps to increase the supply of goods and reduce inflationary pressures, and to expand its economic development program. Nevertheless, anti-foreign sentiment, particularly against the UK, would remain strong, and even with substantial oil revenues the government would still have great difficulty in dispelling the antagonisms aroused between landlords

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and peasants and between the "haves" and "have nots," which would continue to be a major cause of instability.

PROBABLE DEVELOPMENTS IF IRAN SELLS SUBSTANTIAL QUANTITIES OF OIL WITHOUT BRITISH CONCURRENCE

36. If Iran were to succeed in making a contract for the continuing sale of substantial quantities of oil to a major Western oil company without having reached a settlement with the UK, the economic effects would be substantially the same as those described in paragraph 35 above. Tudeh reaction would almost certainly be violent, and there might be some opposition from extremist elements in the National Front. In any event, the government could suppress any disturbances that might arise and its prestige would be considerably enhanced. Basic causes of instability would remain, but the government would be in a stronger position to arrest the trend toward eventual Tudeh control.

IRANIAN RELATIONS WITH THE US AND USSR

37. The Mossadeq regime will probably continue its pressure on the US to persuade the UK to agree to Iranian terms in the oil dispute and will be quick to criticize any signs of what it considers US support for the UK. It will also continue to request financial assistance, arguing that the withholding of US aid increases the danger of ultimate Tudeh control.

38. The Mossadeq regime will not wish completely to alienate the US. Mossadeq almost certainly desires US support as a counterweight to the USSR and he appears to desire US economic and military assistance. Nevertheless, as internal tensions mount, there will be an increasing tendency to blame the US, not only for the failure to restore substantial oil revenues, but also for Iran's financial and economic difficulties. The US military and Point Four missions in Iran may therefore find it even more difficult to operate during 1953 than at present.

39. Kashani or other extremist National Front leaders who might succeed Mossadeq

would probably be more opposed than the Mossadeq regime to the exercise of US influence in Iran and would probably place greater restrictions on US missions in Iran. However, their recognition of the need of US support to counter Soviet pressure and their acknowledgment of the value to Iran of Point Four aid would probably check any inclination they might have either to terminate Point Four aid or to expel the military missions.

40. Iran's official relations with the USSR will probably remain cool and guarded. Although both governments will seek to increase trade between Iran and the Soviet Bloc, the National Front will almost certainly avoid any action which would subject Iran to Soviet domination. On the other hand, it will not wish to destroy the USSR's value as a counterweight to the West. In the UN, Iran will probably take a neutralist, anti-colonialist position and support any attempt to establish a neutral Arab-Asian bloc.

41. For its part, the USSR appears to believe that the Iranian situation is developing favorably to its objectives. While continuing its support of Tudeh and its violent radio attacks on the government and the Shah, the Soviet Union is unlikely to take any drastic action to influence the Iranian situation during 1953 except in the unlikely event of a far more serious deterioration of Iranian internal stability than is foreseen in this estimate.

42. The USSR, however, has the capability for greatly increasing its interference in Iran at any time, to the detriment of US security interests. Its capabilities include: greatly increased support of disaffection and subversion in Azerbaijan, including the infiltration of Soviet Azerbaijanis; greatly increased financial support for Tudeh; offer of economic and financial inducements to Iran; stirring up of the Kurds; and heavy pressure for the removal of the US missions, legalization of Tudeh, and removal of legal bans on the Tudeh press. The USSR would probably refrain from use of Soviet armed forces in Iran, because of the possible global consequences of such intervention. Soviet intervention short

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of the use of Soviet armed forces would probably not result during 1953 in the direct overthrow of the Iranian Government or the detachment of Azerbaijan but could have a seriously adverse effect on the stability and integrity of Iran and on US security interests there.

43. Negotiations on the future of the USSR's Caspian Sea Fisheries concession, which expires 31 January 1953, may provide an indication of a change in Soviet-Iranian relations, although both Iran and the USSR will probably confine themselves at most to hard bargaining.

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NATIONAL INTELLIGENCE ESTIMATE

PROBABLE DEVELOPMENTS IN IRAN
THROUGH 1953

NIE-75

Published 13 November 1952

The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. All members of the Intelligence Advisory Committee concurred in this estimate on 9 November 1952.

CENTRAL INTELLIGENCE AGENCY

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unfavorable export market. The government probably will be able to obtain funds for its operation. Some inflation will occur. Capital development will be curtailed, and urban living standards will fall. However, we do not believe that economic factors, in themselves, will result in the overthrow of the National Front in 1953.

3. If present trends in Iran continue unchecked beyond the end of 1953, rising internal tensions and continued deterioration of the economy and of the budgetary position of the government might lead to a breakdown of government authority and open the way for at least a gradual assumption of control by Tudeh.

4. Settlement of the oil dispute with the UK is unlikely in 1953.

5. During 1953 Iran will attempt to sell oil to other buyers, both in the Soviet Bloc and the West. Shortage of tankers will limit sales to the Soviet Bloc to token amounts. Small independent Western oil companies will probably not buy significant quantities of oil. We estimate that major Western oil companies will not be willing to make an agreement with Iran so long as the current legal,

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economic, and political obstacles exist. Nevertheless, some moderate-sized oil companies are becoming restive, and it is possible that combinations for the purchase and transport of substantial quantities of Iranian oil may be made unless there is direct and strong objection by the US government. The British would probably regard any arrangement between US oil companies and Iran, in the absence of British concurrence, as a serious breach of UK-US solidarity.

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8. Therefore, the US Point Four and military missions are likely to find it even more difficult to operate during 1953 than at present. They would probably be placed under severe restrictions if Kashani or other extremists came to power. However, neither the Mossadeq Government nor a successor National Front regime is likely to expel these missions during 1953.

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DISCUSSION

INTRODUCTION

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remain in power, as well as Iran's ultimate role in the East-West conflict, will depend in large measure on the National Front's success in working out solutions to the serious social, political, and economic problems which will confront it during the next year.

11. Although unrest in Iran derives from a complex of factors extending far beyond the oil dispute with the UK, this dispute nonetheless has become the focal point of political activity. Mossadeq rode to power on the issue of nationalization of oil, and his present political strength derives largely from his continued defiance of the UK.

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16. We believe, therefore, that a negotiated oil settlement during the period of this estimate is unlikely.

PROBABLE DEVELOPMENTS IN THE ABSENCE OF A NEGOTIATED SETTLEMENT

The Oil Problem

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18. It is unlikely that Iran will sell significant quantities of oil during 1953 unless it can make arrangements with a major Western petroleum distributing firm or a combination of moderate-sized firms. Although it is likely to sign further trade agreements with Soviet Bloc countries calling for delivery of Iranian

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oil, the extreme shortage of tankers available to the Soviet Bloc will restrict shipments to token amounts. It also is unlikely to sell financially significant quantities of petroleum to small independent Western oil companies in view of the difficulties which these companies would have in chartering the necessary tankers and in breaking into established markets. We estimate that major Western oil companies will not be willing to make an agreement with Iran so long as the current legal, economic, and political obstacles exist. Nevertheless, some moderate-sized oil companies are becoming restive, and it is possible that combinations for the purchase and transport of substantial quantities of Iranian oil may be made unless there is direct and strong objection by the US Government.

19. Barring an agreement with a major Western concern or combination of moderate-sized firms, Iran will not realize sufficient revenue from oil to alleviate appreciably either the government's fiscal problem or the nation's economic difficulties. The principal effect of such limited sales would be political. They would enhance Mossadeq's prestige by enabling him to claim success in defying the UK and to claim that his government was making progress toward restoring oil revenues.

Economic and Financial

20. To date the loss to Iran of oil revenues does not appear to have been directly reflected in reduced consumption levels, although investment has been slowed. Wholesale prices and the cost of living index have risen very little since early 1951. Since the beginning of 1952, there has been some drop in real income and business activity, and a corresponding rise in unemployment, mainly because of the postponement of government disbursements under budgetary pressure.

21. Until mid-1952, the government financed its deficits mostly by selling government assets to the government-controlled Bank Melli and borrowing from semi-public institutions. By mid-1952, the government had exhausted nearly all its gold and foreign exchange holdings except for the legal minimum required as backing for the currency. Since mid-1952,

the government has been meeting its deficit, currently running at 300,000,000 rials a month, principally through unsecured loans from the Bank Melli.

22. Mossadeq is not likely to make substantial reductions in government expenditures. Although he at one time considered reducing the armed forces budget, more recently he appears to have realized the importance of these forces in maintaining order throughout the country. He cannot afford to stop payments to the unemployed oil workers at Abadan. Although he may attempt to resettle some of those workers in other areas, he will be reluctant to do so as long as there is a possibility of reviving the oil industry. Mossadeq may, in fact, be forced to increase government expenditures, to provide, for example, working capital for factories and to finance the small economic development projects already under way. Moreover, he must find funds for relief during the slack winter months, when some unemployed agricultural and construction workers customarily migrate to the cities.

23. Prospects for increasing government revenues during 1953 are slight. The only significant sources of increased tax revenue are the wealthy landlords and capitalists. Although Mossadeq has the authority and will probably make greater efforts to tap these sources, perhaps in some cases by outright confiscation, even full exploitation of these sources would not eliminate the government deficit. On the basis of recent experience, further bond issues are not likely to raise adequate amounts.

24. In the absence of foreign aid during 1953, therefore, the government will probably resort increasingly to deficit financing, primarily by unsecured loans from the Bank Melli and by increasing the amount of currency in circulation. The government may also resort to confiscation of property and the sale of government stocks, such as opium and rice.

25. Iran's imports will continue to decline. Although exports are expected to be slightly higher than the 1951-1952 level, they will be sufficient to meet only about one-half Iran's imports prior to the oil dispute. In view of

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the near exhaustion of foreign exchange holdings, imports will have to be reduced to approximately this level, thus contributing to inflationary pressures and causing some reduction in urban business activity. Reducing imports will cause sharp reductions in the availability of luxury goods and some reductions in capital goods during 1953, but is not expected to deprive Iran of essential imports. There will also be a trend toward barter agreements, and the already substantial Iranian trade with the Soviet Bloc will tend to increase.

26. The net results of the financial and economic steps likely to be taken by the government during 1953 will probably be: price increases of perhaps as much as 20 to 30 percent; some reduction in living standards in the cities; a substantial increase in the national debt; a reduction of privately held and government stocks; and further postponement of the government's own economic development program. A continuing low level of capital goods imports will lead to some deterioration of Iran's physical plant; at the same time, upward pressures on the price level, arising in large part from government deficits and declining public confidence, will bring nearer the danger of runaway inflation. Moreover, the government will have little margin of safety for coping with such unanticipated eventualities as a serious crop failure. Although we do not believe that these developments, singly or collectively, are likely in themselves to cause the overthrow of the National Front in 1953, a continuation of these trends beyond 1953 will have a serious effect on political stability.

Political

27. The principal internal political problems facing a National Front regime will be to retain popular support, to preserve unity in the National Front, and to maintain the morale and effectiveness of the security forces.

28. During 1953 the dispute with the UK will gradually become less effective as an instrument for rallying popular support behind the government. As the economic effects of the loss of oil revenues become more noticeable,

the government will be under greater pressure from large property owners to restore oil income. Tudeh and the more radical elements in the National Front will increase their demands for social and economic improvements. In response, the National Front government will probably attempt a more vigorous enforcement of agrarian and labor legislation. Enforcement will be haphazard and will require increased use of force. The agrarian program will be bitterly opposed by some landlords, and clashes between peasants and landlords are likely to increase.

29. The illegal Tudeh Party will continue to profit from the gradual economic deterioration that will take place during 1953 and from the haphazard enforcement of the government's program for social and economic improvements. The party will continue its efforts to weaken and divide the National Front, will attempt to instigate riots and disorders by peasants and urban workers, and will intensify its propaganda against the US and the Shah. It will probably make some further progress in infiltrating the National Front and some government agencies. However, the government has the capability to take effective repressive action to check mob violence and Tudeh agitation. It has recently outlawed strikes and will probably continue to act against specific Tudeh challenges to its authority as they arise. We believe that Tudeh will not be granted legal status during 1953 and that it will not develop sufficient strength to gain control of the government by parliamentary means or by force. There is serious continuing danger of Tudeh infiltration of the National Front and the government bureaucracy, but we believe that Tudeh will not be able to gain control of the government by this means during 1953.

30. To maintain itself in power, the government will rely increasingly on the security forces. As stated above, the government can and probably will avoid substantial reductions in the military budget. Recent changes in the high command are not believed to have significantly reduced the morale and effectiveness of the security forces. These will probably remain loyal to the government and

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if given explicit orders will probably be capable of maintaining order except in the unlikely event of simultaneous nation-wide riots and disturbances. We do not believe that the Tudeh Party will develop sufficient strength during 1953 to instigate disturbances beyond the capability of the security forces to control.

31. Mossadeq will probably continue to benefit from the inability of the opposition to unite or exert effective power. In the past, Mossadeq has shown great skill in isolating his opponents and attacking them one by one. He is likely to continue those tactics and to adopt progressively forceful measures against the opposition. The Majlis has granted him authority to rule by decree until mid-February, and we believe he will be able to have this power extended if he considers it necessary.

32. It seems probable that the National Front will remain in power during 1953. It is likely to retain the backing of the Shah and control over the security forces. The groups opposing the National Front are not likely to have the strength or unity to overthrow it. However, we are unable to estimate with confidence whether Mossadeq himself will remain in power during 1953. Kashani, Mossadeq's strongest potential opponent, will probably continue to exert a strong influence on Mossadeq and consequently will probably prefer to remain in the background while Mossadeq continues to shoulder responsibility. On the other hand, Kashani is building up his own political strength and might, should he so desire, be able to oust Mossadeq by parliamentary means during 1953.

33. Kashani would also be the probable successor to Mossadeq in the event of the latter's death. Regardless of how Mossadeq is replaced, Kashani or any other National Front successor could not be assured of the support of all the diverse elements of the National Front. Any successor regime would, therefore, be likely to resort to ruthlessness to destroy opposition. In its struggle to do so, and particularly if it failed to do so, Tudeh influence and opportunities for gaining control would increase rapidly.

34. If present trends in Iran continue unchecked beyond the end of 1953, rising internal tensions and continued deterioration of the economy and of the budgetary position of the government might lead to a breakdown of government authority and open the way for at least a gradual assumption of control by Tudeh.

PROBABLE DEVELOPMENTS IF THE UK AND IRAN REACH AGREEMENT ON THE OIL QUESTION

35. If the Iranian Government reached an oil settlement with the UK — no matter how favorable to Iran — it would almost certainly be confronted with violent demonstrations in urban centers by the Tudeh Party and probably by extremist elements in the National Front. There would also be immediate danger of Tudeh sabotage of oil installations. However, the government would almost certainly have the backing of the Shah, the security forces, and the more moderate National Front elements and would probably be able to suppress these disturbances. The resumption of large-scale oil exports would go far toward easing the government's budgetary difficulties and would enable it to take steps to increase the supply of goods and reduce inflationary pressures, and to expand its economic development program. Nevertheless, anti-foreign sentiment, particularly against the UK, would remain strong, and even with substantial oil revenues the government would still have great difficulty in dispelling the antagonisms aroused between landlords and peasants and between the "haves" and "have nots," which would continue to be a major cause of instability.

PROBABLE DEVELOPMENTS IF IRAN SELLS SUBSTANTIAL QUANTITIES OF OIL WITHOUT BRITISH CONCURRENCE

36. If Iran were to succeed in making a contract for the continuing sale of substantial quantities of oil to a major Western oil company without having reached a settlement with the UK, the economic effects would be substantially the same as those described in paragraph 35 above. Tudeh reaction would

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almost certainly be violent, and there might be some opposition from extremist elements in the National Front. In any event, the government could suppress any disturbances that might arise and its prestige would be considerably enhanced. Basic causes of instability would remain, but the government would be in a stronger position to arrest the trend toward eventual Tudeh control.

IRANIAN RELATIONS WITH THE US AND USSR

37. The Mossadeq regime will probably continue its pressure on the US to persuade the UK to agree to Iranian terms in the oil dispute and will be quick to criticize any signs of what it considers US support for the UK. It will also continue to request financial assistance, arguing that the withholding of US aid increases the danger of ultimate Tudeh control.

38. The Mossadeq regime will not wish completely to alienate the US. Mossadeq almost certainly desires US support as a counterweight to the USSR and he appears to desire US economic and military assistance. Nevertheless, as internal tensions mount, there will be an increasing tendency to blame the US, not only for the failure to restore substantial oil revenues, but also for Iran's financial and economic difficulties. The US military and Point Four missions in Iran may therefore find it even more difficult to operate during 1953 than at present.

39. Kashani or other extremist National Front leaders who might succeed Mossadeq would probably be more opposed than the Mossadeq regime to the exercise of US influence in Iran and would probably place greater restrictions on US missions in Iran. However, their recognition of the need of US support to counter Soviet pressure and their acknowledgment of the value to Iran of Point Four aid would probably check any inclination they might have either to terminate Point Four aid or to expel the military missions.

40. Iran's official relations with the USSR will probably remain cool and guarded. Although both governments will seek to increase

trade between Iran and the Soviet Bloc, the National Front will almost certainly avoid any action which would subject Iran to Soviet domination. On the other hand, it will not wish to destroy the USSR's value as a counterweight to the West. In the UN, Iran will probably take a neutralist, anti-colonialist position and support any attempt to establish a neutral Arab-Asian bloc.

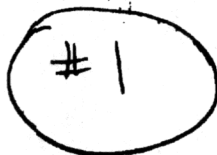
41. For its part, the USSR appears to believe that the Iranian situation is developing favorably to its objectives. While continuing its support of Tudeh and its violent radio attacks on the government and the Shah, the Soviet Union is unlikely to take any drastic action to influence the Iranian situation during 1953 except in the unlikely event of a far more serious deterioration of Iranian internal stability than is foreseen in this estimate.

42. The USSR, however, has the capability for greatly increasing its interference in Iran at any time, to the detriment of US security interests. Its capabilities include: greatly increased support of disaffection and subversion in Azerbaijan, including the infiltration of Soviet Azerbaijanis; greatly increased financial support for Tudeh; offer of economic and financial inducements to Iran; stirring up of the Kurds; and heavy pressure for the removal of the US missions, legalization of Tudeh, and removal of legal bans on the Tudeh press. The USSR would probably refrain from use of Soviet armed forces in Iran, because of the possible global consequences of such intervention. Soviet intervention short of the use of Soviet armed forces would probably not result during 1953 in the direct overthrow of the Iranian Government or the detachment of Azerbaijan but could have a seriously adverse effect on the stability and integrity of Iran and on US security interests there.

43. Negotiations on the future of the USSR's Caspian Sea Fisheries concession, which expires 31 January 1953, may provide an indication of a change in Soviet-Iranian relations, although both Iran and the USSR will probably confine themselves at most to hard bargaining.

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SECURITY INFORMATIONFOR
OF THE

SPECIAL ESTIMATE

PROSPECTS FOR SURVIVAL OF
REGIME IN IRAN

ACTION FOR THE

SE-33

14 October 1952

The intelligence organizations of the Department of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 8 October 1952.

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PROSPECTS FOR SURVIVAL OF MOSSADEQ REGIME IN IRAN¹

CONCLUSIONS

1. On the basis of available evidence we believe that the Mossadeq Government can survive at least for the next six months unless ill-health or death removes Mossadeq from the Iranian political scene.
2. If Kashani should come to power, the most probable result would be the progressive deterioration of Iran, possibly leading to the eventual assumption of power by the Tudeh.

ESTIMATE

The Oil Issue

3. An early settlement of the oil dispute with the UK is unlikely. Political forces which Mossadeq himself encouraged in the past now require him to insist upon greater concessions than the British have given any indication of finding acceptable. On the other hand, Mossadeq's prestige would be greatly enhanced if he succeeded in effecting the sale of oil despite the British boycott.

The Economic Situation

4. The loss of oil revenues has not seriously damaged the Iranian economy, primarily because of an excellent harvest, although there have been some price increases, curtailment of urban business activities, and reduction of imports. However, the financial position of the government has been seriously affected. Unless the government restores revenues from the sale of oil, substantial budgetary cuts and/or extensive internal borrowing and further currency expansion are inevitable.

Factors of Political Power

5. a. Recent events have produced far-reaching changes in the traditional factors of political power in Iran. As a practical matter, the Shah has almost completely lost his capability for independent action, but is a useful tool for Mossadeq, should need arise. The formerly dominant landowning class has also lost political initiative. The Armed Forces, if given effective direction, are probably capable of coping with any type of domestic disturbance presently foreseeable. We do not believe that their effectiveness has been materially reduced by Mossadeq's changes in the high command. Mossadeq's popular prestige makes him still the dominant political force in Iran.

b. A major threat to Mossadeq's continued control over the heterogeneous National Front arises from the activities of Mullah Kashani, ambitious Moslem leader. Kashani's extreme intransigence on the oil issue and his uncompromising demands for the termination of all foreign interference in Iran severely limit Mossadeq's freedom of action. He has successfully separated many National Front politicians from Mossadeq. Although Kashani has expressed optimism publicly with respect

¹ This estimate has been prepared in response to an urgent, specific request and is an interim estimate pending the preparation of a more comprehensive report which is under way.

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to his ability to control Tudeh, he is basically opposed to their aims, probably can weigh with shrewdness and accuracy the potential value and danger to him of Tudeh support, and is not likely under present conditions to seek their help.

c. While the Tudeh Party has become stronger in recent months, it is almost certainly incapable by itself of overthrowing the government by force or subversion at present. Although the Tudeh Party has an organization, has a significant degree of favorable public opinion, and has the cooperation of the USSR, it still lacks a legal status and the power in the Majlis and control of the key Cabinet positions which would be necessary to take over the government by constitutional means. The Tudeh Party will, however, probably support Kashani in the belief that if Kashani were in power its opportunities for taking over the country would be improved.

Likelihood of an Attempt to Overthrow Mossadeq

6. Since Mossadeq's return to power in July 1952 there have been continuous reports of plots to overthrow him. Kashani and Army officers are frequently mentioned as leaders, but the reports conflict on matters of essential detail. It does not seem likely that Kashani will seek to replace Mossadeq so long as no clear issues of disagreement arise between them, so long as his influence on Mossadeq remains strong, and so long as Mossadeq is willing to assume responsibility. So far as a military coup is concerned, we have no evidence to indicate that any group of officers has the capability which the initiation of a successful coup would require.

Probable Outcome of an Attempt to Overthrow Mossadeq

7. In the event that an attempt is made to overthrow Mossadeq, the following means are available:

a. Violent Means:

1. Military Coup: A military coup against Mossadeq is not likely to succeed because Mossadeq has had the opportunity to eliminate

elements in the Army hostile to him, and none of the Army personnel reported as currently being involved in plots against Mossadeq are believed to have the prestige or influence to obtain the necessary support from the Army.

ii. Mob Violence: A contest in the streets between the forces supporting Mossadeq and Kashani would be bitter and destructive. The lineup of forces would depend in large part on the specific issues involved at the time the rioting broke out. If there should be a break now between Mossadeq and Kashani, we believe that Mossadeq could rally greater forces than Kashani. The lineup would probably be as follows:

(a) Mossadeq: the bulk of the National Front rank and file in the cities; Dr. Baghai's Iranian Workers' Party with their organized street-fighting forces; the Somka (Fascist) Party, provided the Tudeh supported Kashani; the Pan Iranian Party; and the Army and part of the Police Force, providing they were given specific and direct orders.

(b) Kashani: his followers in the National Front; the Bazaar mobs and the bands organized by his son; the Fedayan terrorist organization of Moslem extremists; the Tudeh and its various subsidiaries; and possibly some support from the tribes if the Army sided with Mossadeq.

iii. Assassination: Assassination of Mossadeq would probably result in the accession to power of Kashani. (Note: Kashani would probably also come to power if Mossadeq should retire or die a natural death.)

b. Constitutional means: An attempt may be made to overthrow Mossadeq after the Majlis reconvenes on 9 October. It appears unlikely that Kashani could persuade the Majlis to vote to oust Mossadeq in view of the absence of any issue which could serve as a basis for attacking Mossadeq, the resources at Mossadeq's disposal for controlling the deliberations of the Majlis and Mossadeq's record as champion of nationalist aspirations. Moreover, Mossadeq in opposition would possess much of the strength which enabled him to regain power in July 1952, and his return to office would not be unlikely.

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Consequences of the Assumption of Power by Kashani

8. If Kashani were to come to power, the consequences would depend upon the circumstances of the take-over and upon the group or groups supporting him at that time. Kashani might come to power by:

- a. A vote of the Majlis unseating Mossadeq.
- b. Assuming control over another National Front regime if Mossadeq were removed from the political scene.
- c. A deal with the Tudeh Party by which Tudeh was given representation in the government.
- d. A coalition with various disgruntled Army leaders and conservative elements.

If Kashani should come to power, the probable net result in Iran would be a situation worse for Western interests than the current one. The regime would be more difficult than the present one to deal with on the oil dispute and more resistant to all Western influence. The effectiveness of the government and the security forces would decline, as would the economic situation. There is no assurance that the regime would not be overthrown by Mossadeq, by internal dissension, or by a military coup, with trend changes we cannot presently predict. However, the probable ultimate consequence of a Kashani regime would be the progressive general deterioration of Iran possibly leading to the eventual assumption of power by the Tudeh.

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SPECIAL ESTIMATE

CURRENT DEVELOPMENTS IN IRAN



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Approved for Release
Date 23 JAN 1986

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CURRENT DEVELOPMENTS IN IRAN

Number 6

Published 22 May 1951

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CURRENT DEVELOPMENT IN IRAN

CONCLUSIONS

1. The clash of interests between Iran and the UK over Iran's oil resources has reached a critical stage with the elevation of Muhammad Mossadeq, the leader of the ultra-nationalist National Front group, to the premiership. Although a real effort will undoubtedly be made to reach a compromise settlement, a solution will be achieved only with great difficulty. In any event, there is little indication that Mossadeq and the Anglo-Iranian Oil Company (AIOC) will modify their respective stands in sufficient time to permit an early settlement of the issue.
2. Although there are important elements opposed to Mossadeq, it is unlikely that he can be removed from power so long as the oil question remains a burning issue, except by violence or by the establishment of a semi-dictatorial regime under the aegis of the Shah. In the present highly inflammatory state of Iranian public opinion, an attempt to set up a non-parliamentary regime would involve grave risks which the Shah has thus far shown no willingness to take.
3. As a result of the present impasse, the following critical developments may occur before a settlement is reached.
 - a. Mossadeq might take physical possession of the oil installations now operated by the AIOC. He may also require the British employees of AIOC to leave the country.


c. There is a serious possibility that the landing of British troops in southern Iran, for whatever reason, would be taken by the USSR as a pretext for sending its troops into northern Iran.

d. In the event of further demonstrations and violence, which may well occur at any time, the Tudeh Party might be able to seriously undermine internal security. This danger would be increased if, as is possible, Mossadeq legalizes the status of the Tudeh Party or is unwilling to use Iranian armed forces to maintain order.

e. The flow of Iranian oil to Western markets, which was recently curtailed for about two weeks, might be again interrupted by a recurrence of strikes in the oil field area or by a, b, c, or d above.

4. Any intensification of the current crisis would give the USSR added opportunities for exploiting the local unrest and might eventually enable the USSR to deny a large part or the whole of the Iranian oil supply to the Western Powers."

• It is the view of the Director of Intelligence, USAF, that this paragraph should read as follows:

"4. A continuation of the current crisis would greatly enhance the capability of the Soviet Union to deny more and possibly all the Iranian oil to the West through exploitation of the activities of non-Soviet elements. Whether or not the British attempt to resolve the current issue by the use of armed force, possible realization of an important Soviet objective -- acquisition of more oil -- will have been greatly facilitated."

DISCUSSION

1. Mohammad Mossadeq, Iran's new Prime Minister, is an extreme nationalist. He will attempt to curtail severely foreign influence in Iran and to adopt a neutralist policy toward the East-West struggle. As he is also an impractical visionary and a poor administrator, it is unlikely that he will do very much to solve the country's critical economic and social problems. Nevertheless, because he is an astute politician and has strong popular support on the oil issue at least, he will probably not be easily displaced while that issue is still unsettled. In internal affairs Mossadeq has criticized former Iranian governments for their failure to achieve social benefits for the people and has opposed measures designed to restrict freedom of speech, assembly, and the press. Politically, he has urged that the Shah be stripped of power and that the Majlis become the dominant factor in the government. However, he does not believe that the present members of the Majlis truly represent the interests of the Iranian people and advocates electoral reform.

2. Mossadeq is at present in a strong political position, despite the facts that he has few personal followers in the Majlis or in the traditional ruling class as a whole and that he is disliked and distrusted by the Shah. Unlike his predecessors, he is not dependent on the Shah's favor or on factional politics in the Majlis. He has come to power as the leader of a national movement which has aroused intense popular support. This circumstance has caused the Majlis to nominate him to the Shah and compelled the Shah to appoint him to office. Fundamentally his strength derives from, and is in direct proportion to, the intensity of feeling against the British over the oil issue. Although other critical problems will plague his administration, they are not likely to cause his downfall so long as the oil crisis remains a burning issue. Mossadeq's campaign against the AIOC has had the support not only of his National Front group but also of the Fedayan Islam (the small terrorist group of religious fanatics who were responsible for Razmara's assassination), the illegal Tudeh (Communist) Party, and probably the great majority of Iran's laborers, tradesmen, and students, who can significantly affect political developments

in Iran through strikes, demonstrations, and violence. Both the Fedayan Islam and the Tudeh Party, however, are constantly attempting to coerce Mossadeq into adopting more extreme measures against Western interests. Fedayan Islam has apparently unseated its more moderate leader and has threatened Mossadeq's life. Meanwhile, the Tudeh Party has gone beyond nationalization of the oil industry to demand ousting of the US military mission, refusal of US arms assistance, and closer relations with the USSR.

3. Because of the wide support for Mossadeq's chauvinistic crusade, few Iranian leaders dared oppose him publicly. His influence in the Majlis was largely responsible for Razmara's failure to obtain a revised AIOC agreement and loans from the Export-Import Bank and the IBRD. He condoned the assassination of Razmara on the grounds that the latter was traitorously lenient in his negotiations with the AIOC. Finally, he pushed the oil nationalization bills through the Majlis against the wishes of the Shah and Prime Minister Ala. Many of the Majlis deputies probably voted for the measures against their better judgment, succumbing to the emotionalism of Mossadeq's appeal or fearing the consequences (possibly including assassination) of opposing the measure.

4. When Nasser Ala was Prime Minister, Mossadeq was chairman of the Majlis Oil Commission appointed to draw up recommendations for taking over the AIOC installations. The Shah, Prime Minister Ala, and moderate members of the Majlis probably hoped that some agreement could be patched up with the AIOC before Mossadeq could complete his work. Mossadeq, however, reported to the Majlis more than a month ahead of schedule. Increased bitterness toward the UK, reinforced by the intervening strikes and violence in the oil field area, kept emotions high throughout the country and simplified Mossadeq's job in obtaining prompt Majlis approval for his recommendations. The new law sets up a government committee to act as trustee for the oil properties until an Iranian Company can be established and provides for setting aside 25 percent of oil revenues to meet future claims of the "former company." Mossadeq's precipitate move to force action on the oil issue resulted in the immediate resignation of Ala.

5. Although the responsibilities of office may to some extent act as a sobering influence on Mossadeq, he will almost certainly attempt to implement the nationalization law and gain effective control of the oil installations in southern Iran. He might be willing to conclude a management contract with AIOC, under which the latter would operate the oil installations under the direction of an Iranian company. However, he would probably prefer to obtain the technical assistance Iran needs by means of separate contracts with individual specialists. If, in fact, Mossadeq is able to reach a settlement with the AIOC which will substantially increase Iran's oil revenues and provide for Iranian supervision of the oil installations, he will have achieved his purpose. Although his prestige would be high, his position would probably be rapidly weakened by any considerable decline of anti-British feeling or by his inability to cope with Iran's fundamental economic and social problems. There is some danger that he might attempt to maintain himself in power by turning his chauvinistic crusade against the US. He might even refuse to accept further US military aid and request the US military missions to leave the country.

6. In view of the fact that both Iran and the UK have a very great interest in the uninterrupted production of Iranian oil, a real effort will undoubtedly be made to reach a compromise settlement. However, in view of the attitude of both governments, a settlement can probably be reached only with great difficulty. The 11-man Oil Committee has already threatened to revoke the residence permits of AIOC's foreign staff unless the AIOC turns over its oil installations to the Iranian Government. The UK has taken the position that Iran has no right unilaterally to abrogate its contract with AIOC and, therefore, no right to expropriate the oil installations under the guise of nationalization. The UK has proposed the establishment of a new British company to run operations in Iran, which would include Iranians on the board of directors; equal sharing of profits; and a progressive increase in the number of Iranians employed by the company. Mossadeq will undoubtedly turn down this offer, for it manifestly fails to meet the requirements of the oil nationalization law. The proposal certainly does not represent the final British position. However, a serious danger exists that critical developments will occur before the parties, particularly the British, have sufficiently modified their respective positions to permit initiation of genuine negotiations.

7. The present impasse in the oil situation may lead to any one or more of the following critical situations:

a. Mossadeq is committed to a policy of expropriation. On the basis of his past actions, it is extremely unlikely that he will accept anything less than effective Iranian control of the oil industry. Consequently, if there is no early relaxation of the British position, he will probably attempt to take physical possession of the oil installations even at the risk of closing down the whole industry.

[REDACTED]

The British Government is under public pressure to adopt a strong policy against Iran.

If British troops landed in southern Iran and Iranian forces were already in the area or were subsequently sent into the area, for whatever reason, there might be clashes between British and Iranian troops with inevitable serious consequences, probably including an interruption in the flow of oil. Moreover, the landing of British troops in southern Iran might be taken by the USSR as a pretext for sending troops into northern Iran.

c. Anti-British feeling will remain strong, and the danger of demonstrations and violence will continue. Mossadeq has consistently opposed martial law and restrictions on the freedom of speech, assembly, and the press. One of his first acts in office was to remove a ban on May Day demonstrations in Tehran, and martial law may soon be lifted in the Abadan area. Furthermore, although the Tudeh Party has begun to attack Mossadeq, he may yield to its demand for legal status. There is a danger that the Tudeh Party may attempt to take advantage of Mossadeq's leniency to foment disturbances throughout the country and that Mossadeq will be unwilling to use Iranian armed forces to maintain

[REDACTED]

order. In view of the tension and general unrest in the country, Tudeh activity might seriously undermine internal security.

6. If Mossadeq takes physical possession of the oil installations, he will undoubtedly seek foreign assistance in operating the oil industry. A number of US oil companies have already shown some interest in the situation, and Mossadeq might well be able to persuade some company to operate in Iran on his terms. Such a development would create widespread British antagonism against the US. There is also a possibility that Mossadeq might attempt to obtain Soviet specialists to run the oil installations.

8. There is little doubt that sooner or later efforts will be made by the British, the Shah, and deputies in the Majlis to undermine Mossadeq's position. However, in view of Mossadeq's popular backing, it is unlikely that the Shah and the Majlis would dare oppose him while tension over the oil issue remains high. Mossadeq is more likely to force the oil issue by extreme action than permit himself to be undermined by the Shah and the Majlis on other internal issues. It is therefore unlikely that Mossadeq can be overthrown during this critical period except by violence or by the establishment of a semi-dictatorial regime under the aegis of the Shah. Such a course of action would involve risks which the Shah has thus far shown no willingness to take.

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TAB B. EXAMPLES OF COMMUNIST PROPAGANDA EFFORTS TO IMPLICATE CIA IN THE
TOPPLING OF THE MOSSADEQ REGIM IN IRAN

The attached commentaries, selected from Moscow, Warsaw, East Berlin, and Peking radio and press media, are typical. All of them followed the U-2 incident, and similar charges have recurred intermittently to date. It will be noted that the general practice was to reel off several alleged instances of CIA "interference" (in Guatemala, Iran, Hungary, etc.) so as to draw a picture of Agency machinations world-wide, rather than to concentrate on a charge of Agency activities in a single area or country.

From the materials available here, it appears that at the time of the coup itself Moscow attempted to implicate "U.S. espionage" but not CIA specifically.

We have, however, checked NEW TIMES and other Soviet press files for the 1953-54 period and found no explicit charges that CIA was involved in the Iranian coup. Thus it appears that the original vague charges leveled against "U.S. espionage" in 1953-54 were blown up and sharpened in Soviet propaganda following the U-2 incident, when Moscow embarked on a special effort to blacken the Agency.

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EAST GERMANY

June 22, 1960

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DULLES TRIP TO COORDINATE BCAN ARIING

Berlin, Deutschlandsender in German to East and West Germany, June 21, 1960,
1842 GMT--L

(Von Schnitzler commentary)

(Excerpts) On June 15 REUTERS reported from London that the head of the U.S. secret service, Allen Dulles, was in London. It has been learned that he discussed with the British secret service a reorganization of the system for obtaining information from the Eastern bloc countries, since owing to the U-2 reconnaissance flights an important source of information had ceased to function. Afterwards Dulles would visit the Federal Republic, REUTERS said.

Compared with this comparatively honest report, the depiction of the Dulles visit by DPA really does make strong claims on our gullibility. It runs: "On the weekend the head of the U.S. secret service, Allen Dulles, is expected in Bonn for an unofficial visit. His stay is treated by the competent quarters in a somewhat secret manner, although, according to informed circles, his visit is said to be a perfectly normal routine visit. In the main, Dulles wants to talk to U.S. officials."

Of course just a routine visit, and of course he will talk only to Americans, but never with General Gehlen. Nevertheless, it is remarkable that a man of his rank does not travel under his own name but under a pseudonym, not to say agent's name. May we be permitted, as a kind of welcome, to examine the routine of this gentleman.

Allen Dulles has been in the espionage business since 1917, and today he is regarded as one of the most hard-bitten experts in this field. At that time he received his first espionage job as secretary of legation in Vienna. During World War II he ran, from Bern, all the U.S. intelligence services in Europe. Later, when the Americans started the cold war after the Hitler war, Dulles became deputy chief and after 1953, chief, of the CIA, the supreme U.S. espionage organization, which in 1960 has over 1 billion dollars at its disposal and employs over 30,000 agents in all countries of the world--the agent Powers among them, though only until May 1.

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The activities of Dulles and his apparatus have nothing to do with the security of the United States. They serve, by means of fraud, force, espionage, and bribery, solely imperialist aims. On Aug. 10 Dulles, during an alleged holiday trip to Switzerland, engineered--together with princess Ashraf, the twin sister of the Shah of Iran, who was by chance in Switzerland, and the U.S. ambassador in Iran, Loy Henderson, also purely by chance in Switzerland--the brutal coup which brought down Premier Mossadegh, who did not incline to the West.

In 1954 Dulles organized the coup d'etat in Guatemala, which did away with the Arbenz government, elected in democratic, free, general, and secret elections. During the state crisis in Lebanon, the June 17 East German rising, and in Budapest, secret service chief Dulles and his sister Eleanor Dulles also had their dirty fingers in the pie.

At present Dulles' CIA is engaged in preparing, from Nicaragua and with the help of bought creatures and counterrevolutionaries, to attack Cuba and to overthrow the anti-imperialist, anti-American Fidel Castro government.

And then there were the U-2 flights, carried out on Dulles' order and about which he told the National Security Council, according to DER SPIEGEL of May 25: "The Soviets ought to be grateful for this kind of military espionage, for otherwise the U.S. Air Force, in case of war, and owing to a lack of military targets, would have no choice but to eradicate all big Soviet towns by means of hydrogen bombs." So the U-2's were not meant to photograph clouds and explore the weather or to prevent surprise attacks, but on the contrary, they were meant to prepare surprise attacks, spot bomb targets. These were the tasks given by Dulles to his espionage fliers.

This creature is now inflicting himself under a false name on West Germany; and instead of expelling and deporting him as an undesirable alien, the chancellor and his agent chief, Gehlen, who won his spurs under Hitler, are receiving him with open arms. And from West Berlin the U.S. instructors of the most important underground organizations will be called in.

Strauss is buying atomic rockets in the United States; the Bundeswehr is to be switched to so-called multiple purpose weapons--Honest John rockets, unmanned aircraft, atom rocket-carrying destroyers. And all this is now being coordinated with the exponent and agent of the most extreme wing of the U.S. imperialists. This constitutes dangerous disregard for the warning of Marshal Malinovskiy. This means taking a line that was wrong 10 years ago, but which today is tantamount to suicidal lunacy.

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In Japan this was realized; Eisenhower was given a downright rebuff; Kishi's hours as premier are numbered, and the suicide pact is a worthless piece of paper. But in Bonn Herbert Wehner declares on behalf of the SPD executive: "Our position is different from that of Japan. For the defense of democracy against communists and fascists, we would (immediately fight?) in the street, but we cannot afford exposing the democratic state for other reasons to such strain. Therefore the SPD has always been a loyal opposition."

In fact, the situations in West Germany and Japan have hardly any different features. Both states have lost the war; both have been armed against the East; both have been entangled in dangerous war pacts by their governments; both are U.S. bases; both are far from being democracies. The question is not to defend democracy against the communists but against fascists and militarists of various nationalities. And the communists--this can be proved by the facts of history--are their most consistent enemies.

Against fascists and communists, Herr Wehner would perhaps come out in the street, but if our fatherland, owing to the policy of Bonn, should be plunged into an atomic war, he will stay at home. More than that, he is loyal, he plays the part of the loyal opposition, this phrasemonger on the left side of the most extreme rightwing that has ever existed in a workers party.

Next Thursday will come the foreign affairs debate and the inevitable reward for the offer by Wehner, Erler, Mommer, and Brandt to pursue a common foreign policy with Adenauer. But of course, with pleasure, you Social Democrats need only capitulate and agree to my policy. Loyal opposition! Loyal toward the atom chancellor, the U-2 Dulles, the rocket Strauss, the police Schroeder?

And thus the launching bases in the Federal Republic are multiplying, the atom bombs are multiplying in the depots, and the number of young, fair-haired Germans under U.S. steel helmets and Hitler officers is mounting. And Dulles may travel through German lands and breed misfortune, just like Herr Schlamm, because Herr Wehner is opposed to the communists, because Wehner, Erler, Mommer, Brandt, and Knoeringen are guided by anticommunism instead of national feelings like the Japanese, instead of being inspired by the same feeling of national responsibility which inspired the Japanese to overcome their differences of opinion and act together, i.e., act successfully.

We are the enemies and the chancellor had a claim to be treated loyally, say these "leaders." Remember Bert Brecht, who said in 1938: "When it comes to marching, many do not know that their enemy is marching at their head. The voice commanding them comes from their enemy. He who talks of the enemy is himself the enemy."

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Allen Dulles' Dirty Role

Moscow, Soviet Home Service, May 31, 1960, 1245 GMT--L

(IZVESTIYA article by Gennadiy Zhelenskiy: "Someone by the Name of Allen Dulles")

(Text) The paper carries a photograph from the cover of the West German magazine DER SPIEGEL. It depicts a good looking gentleman with a pipe. This is Allen Dulles, director of the Central Intelligence Agency of the United States.

His exterior is as deceptive as his trade of superspy. Of course to deceive as a spy, to organize provocations against the USSR and the other socialist countries is becoming a more and more hopeless business, and there is, of course, the American spy Powers to remind us of that. His small portrait is carried on the same cover of the magazine. Powers is yet another proof of Dulles' failure.

The article relates certain episodes from the life of Allen Dulles, which have remained little known in the USSR. Here is what the author of the article (several words indistinct).

It was the year 1942, the second year of the bandit war of Hitler against the great socialist state. The blitzkrieg had failed at Moscow. The Nazi leaders were bending all their efforts to achieve victory this time. Their armored columns were defeated at Stalingrad and in the Caucasus. On a front of a thousand kilometers (remainder of sentence indistinct).

But few people knew at that time that during the spring days of 1942, in the (headquarters?) of the (chief gauleiter?) of the peoples of Europe, SS Reichsfuehrer Heinrich Himmler, a conversation took place between two of the highest ranking officers of the Hitlerite state. The first was Himmler himself and the second was SS Brigadenfuehrer Walter Schellenburg, head of SS intelligence. Only after the war did it become known from Schellenburg's own memoirs what took place in this conversation (few words indistinct).

This is what happened. (few words indistinct) Himmler and Schellenburg admitted to each other that they were dreadfully afraid of the future. They already knew that Hitler would not defeat the Soviet army, and they understood that sooner or later there would come retribution (several words indistinct). That is why on that day the two SS (cutthroats?) began to seek their salvation.

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After a long conversation, Himmler and Schellenburg worked out a new, and in their opinion, extraordinarily cunning plan. This was the plan for the breakup of the anti-Hitler coalition, the plan for a separate treaty between Germany and the Western powers (several words indistinct). The SS men had to find among American reactionary politicians sworn enemies of the Soviet Union who would be ready to form an alliance with the Nazis. And they found such people.

In December 1942, in the quiet city of Berne, there appeared a man who had come from the United States. It soon became known that he held certain extraordinary plenipotentiary powers. He was called Allen Welsh Dulles. Mr. Allen Dulles had long been known in Germany, officially as a diplomat, unofficially as a spy. As the magazine SPIEGEL writes, Dulles from the years of his youth had been familiar with the ABC's of spying. By 1942 Dulles had behind him a career as a diplomat and jurist and had taken part in a number of international conferences. (Two words indistinct) that Dulles was a director of the notorious Anglo-German-American bank of Schroeder, one of the centers of international capital which had encouraged Hitler and had financed Himmler. S...

The appearance of Dulles in Switzerland did not go unnoticed. The SS intelligence carefully watched all those who might become partners in the fulfillment of the villainous plan of Himmler. Wilhelm (Hessen?), SS sturmbandfuhrer, head of the SS intelligence department, has left authoritative evidence of this. In his memoirs (Hessen?) recalls that the SS agency immediately noted the fact of Dulles' arrival in Switzerland and made every effort to establish contact with him.

How is this to be explained? The German secret service knew the views of Dulles on the basic problems of politics. These views bore witness to his unconditional and clearly admitted hatred for Bolshevism. And so birds of a feather flock together: the SS men established contact with Dulles.

The participants in the secret meeting at first cautiously sounded each other out, but soon the SS officers felt that in front of them was not a representative of the anti-Hitler coalition, but one who shared their opinions. According to the secret account, Dulles stated that he did not repudiate the basic ideas and actions of National Socialism. more than that, Hitler's attack on the Soviet Union was appraised by the American participant in the talks as something perfectly natural.

On Mar. 21, 1943, the SS agent (Bauer?) talked with an assistant of Dulles who used the pseudonym of Robert. Expressing regret that Hitler had unleashed the war in the West, Dulles' assistant stated that Germany

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must act in Western Europe by peaceful means, which would make it easier to carry on the war against Russia on one front. (Brief passage indistinct). The latter assured his companions that the German state must remain (word indistinct) as a factor of order and reconstruction. The order, of course, is reactionary, and the reconstruction little removed from the Hitlerite type. The reactionary regime in the Bonn state illustrates this quite vividly enough.

During meetings in the winter and spring of 1943, Dulles and his SS partners worked out a detailed plan for the new order in Europe. This plan we can reproduce from a number of notes made by German agents. Thus Dulles and the SS (officers?) approved the creation of a great federal Germany similar to the United States of America. This state, as Dulles readily agreed, (was intended?) to secure hegemony in Europe.

Dulles assured the messengers of Himmler that there could be no (question?) of the separation of Austria and that the solution of the Czech question could finally be made completely acceptable to the (word indistinct) of the Reich. In this way, in 1943 Dulles agreed to the absorption of Austria and Czechoslovakia by the German militarists.

We know that the agreement of Dulles and Himmler could not be implemented. The powerful blows of the Soviet army destroyed the Third Reich. (Several words indistinct) (will?) of the freedom-loving peoples to put an end to Hitlerism. And they put an end to it.

In the last stage of the war there appeared with Dulles none other than the personal adjutant of Himmler, SS Oberfuehrer Carl Wolf. The contacts of Dulles and Wolf have long been (common knowledge?). However, the following scandalous circumstances are little known: Wolf was sent to Italy on a special mission from Hitler, who on Apr. 15, 1944, personally gave Wolf full powers to conduct immediate talks with the West. Wolf established personal contact with Allen Dulles. They both in the spring of 1945 tried to conceal the (word indistinct) agreement between Germany, the United States, and Britain on the capitulation of the Hitlerite troops in Italy, but the decisive intervention of the Soviet Union made the ruling circles of the Western powers repudiate the action of Dulles and Wolf. But all the same it remains a fact: Allen Dulles finished the war in the company of the personal adjutant of Heinrich Himmler.

These are some pages from the shameful activity of Allen Dulles in the war years. He did not succeed in forming a new anti-Soviet bloc, but on his hands there remain bloodstains from the handshakes which he exchanged with Himmler's messengers.

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This helps us to understand Dulles' role today. In the war years he was an associate of Himmler; in the postwar years he continues Himmler's business of anti-Soviet provocation.

The man who once made deals with the agents of Himmler today occupies a highly important position in the United States. In his hands are concentrated all secret intelligence activities, for since 1953 he has headed the Central Intelligence Agency and heads the special intelligence consultative committee which combines the intelligence services of the army, navy, air force, secret services of the combined group of the chiefs of staff, of the Atomic Energy Commission, of the State Department, and, finally, (the ABR?). He is a member of the National Security Council and disposes of a budget of not less than 2 billion dollars per year.

Allen Dulles' department carries on a great policy--one might say a dirty policy. It organized the overthrow of the democratic government of Guatemala; it was involved in the liquidation of the government of Mossadeq in Iran in 1953; it financed the Chiang Kai-shek gangs in Burma; it is the organizer of spying and diversion against the countries of socialism. However, it suffers failure after failure. (Two or three words indistinct) of these failures of Dulles, from the scandalous unmasking of the underground spying in Berlin to the even more scandalous end of Powers' aircraft. The Soviet rocket hit not only Powers' aircraft; it struck an even larger target--the secret service of Allen Dulles.

Herter Removes Mask

Moscow, Soviet African Service in English, May 31, 1960, 1700 GMT--L

(Kuznetsov commentary)

(Text) Every time the causes of the failure of the summit meeting are mentioned, the name of U.S. Secretary of State Christian Herter comes to light as one of the organizers and instigators of this nefarious business.

Who is Christian Herter? How did he manage to reach such a high post? He was born in Paris, where his father and mother studied painting. His grandfather, an architect, decorated the luxurious houses of billionaires Morgan and Vanderbilt. The enterprising architect soon had a fortune of a million dollars and was admitted into the elite of U.S. capitalist society. Herter's uncle was patronized by John Rockefeller himself. He even advised the billionaire to establish the Rockefeller Medical Research Institute.

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Every means is being used in Washington to force the Latin American states to stifle with their own hands a brother country, Cuba. The State Department is hurriedly working out a new version of the Marshall Plan for Latin America, aimed at restricting even more firmly the economy of the countries of that continent and at making them obedient to the will of aggressive circles of the United States. At the same time, official U.S. propaganda is terrorizing Latin American countries through a campaign of anti-Cuban hysteria and through the scarecrow of international communism.

All this uproar of provocation and slander is placed under the banner of the famous Monroe Doctrine and under the slogan: "Defense against an alleged interference in the affairs of the Western Hemisphere." They prefer, though, not to mention in Washington that the principle "America for the Americans" has been forgotten long ago and has been violated by the United States itself. It is under the faded flag of that doctrine that Washington plans to gather the Latin American states in a "Cordon Sanitaire" against Cuba. It is under that flag that it prepares intervention against the Cuban Republic. U.S. Senator Smathers on July 11 demanded military intervention in Cuba by the armed forces of OAS members.

Cuba is not alone, however, in its struggle against U.S. aggressors. It has the mighty support and the sympathy of the peace-loving peoples of the entire world, led by the peoples of the Soviet Union and the other socialist countries.

CIA CONDUCTS WORLDWIDE SPY OPERATIONS

Moscow, RED STAR, July 7, 1960--A

(Article: "An Espionage Center with 25 Branches")

(Text) The well-aimed shot by the Soviet rocket crew near Sverdlovsk at the U-2 airplane has rent the curtain which screened the latest foul crimes of the U.S. espionage service from the world public. The revelations, however, failed to bring the American imperialists and their strategists in the Pentagon to their senses. Continuing their preparations for an aggressive war, they are stepping up espionage activities all over the world.

From time to time the foreign press publishes materials proving that the U.S. ruling circles are striving to strengthen the espionage center in Washington and its numerous branches in other countries--the Central Intelligence Agency, of which the arch spy Allen Dulles is in charge.

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Additional allocations are being placed at the disposal of this agency and even better conditions are being created for the organization of subversive activities against peace-loving countries. This is borne out convincingly by an article in the bourgeois Italian paper IL TEMPO, titled "The Most Influential Man in Washington." Beneath we publish a shortened translated version of this article. (The remainder of the article is RED STAR's summary of the IL TEMPO article--Ed.)

The U.S. Central Intelligence Agency, or Washington's spy service, is an institution employing about 12,000 people and occupying a strange, castle-like, Victorian building. On a pillar next to the entrance is a plate with the inscription: Central Intelligence Agency. Telephone directories in many government departments now list the number of this institution. In the near future, CIA will move out of town to receive attractive buildings, with shady parks and swimming pools, tennis courts, and even a helicopter pad. It will have parking spaces for 3,000 cars.

All this will cost the government 46 million dollars, according to official data, but there will no doubt be other expenses later which will remain secret. This will probably be like the famous castle in Berlin, where Hitler's espionage service trained future spies in a setting identical with the country in which they were due to operate.

It is sufficient to cast a cursory glance at CIA's budget to understand the dimensions and importance of that organization whose purpose is the collection of intelligence. The yearly budget of CIA amounts to 500 million dollars. To this amount, secret funds must be added. This budget exceeds four times the budget of the notorious FBI, which with its 6,000 agents, 8,000 employees, and 54 sections, spends 118 million dollars a year.

It is known that FBI is the biggest and most modern police organization in the world. The budget of the State Department itself, with all its ambassadors and ministers and with all its expenditures on the maintenance of diplomatic representations in every country in the world, is less than the budget of CIA.

Many people think Allen Dulles, the head of that institution, is the most influential person in Washington, and that he, after the death of his brother John Foster Dulles, secretly guides the whole foreign policy of the United States and often has the last word when the adoption of important military and diplomatic decisions is at stake.

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Eisenhower, who admitted at a press conference that he does not read newspapers and various agency reports when he comes into his office in the morning, first opens a greyish-green folder marked "Top Secret," which contains CIA's daily report. The report is almost always written by Dulles himself. Every Thursday the most important government organ gathers in the White House--the National Security Council. In the majority of cases Dulles' report is considered first, and he personally guides the course of the discussion even in Eisenhower's presence. Aside from President Eisenhower, the National Security Council comprises Vice President Nixon, Secretary of State Herter, Secretary of Defense Gates, and others.

We shall cite the most notorious failures which this organization has suffered. CIA committed its worst mistake in relation to Nasir. As a matter of fact, in the first few days of the Egyptian revolution, CIA acted as if it had itself helped the military in organizing the coup to dethrone King Farouk. Dulles and his agents were caught unaware by the launching of the sputnik. They did not deem Fidel Castro's victory in Cuba possible. Another dangerous mistake was ignorance of the position in Iraq, where General Qasim was able not only to get rid of the monarchy, but also to blow up the whole pattern of alliances in the Middle East.

And here is a more recent example: CIA was entirely ignorant of the feelings of the Turkish people--and this in a country where it has hundreds of agents, where all sources of information are at CIA's disposal and where the United States keeps considerable contingents of troops. CIA not only did not know anything about the fermentation of passion, but on the eve of the coup carried out by General Gursel, Allen Dulles assured President Eisenhower--and this assurance was forwarded by the White House for publication in the press--that Menderes remained master of the situation and that the army was supporting him.

The entire history of U.S. counterintelligence represents a series of ups and downs. During World War II Gen. William Donovan managed to convince President Roosevelt of the need to apply totalitarian methods for an effective struggle against Hitler and of the need to resort to the same weapons as he was using. It was Donovan who organized the famous OSS, whose agents carried out actions in the enemy's rear. OSS carried out a great number of successful operations which were connected with the resistance movement in the occupied territories. This organization was especially active in Italy, France, and Yugoslavia.

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In 1947 President Truman signed the law on the foundation of CIA. Gen. Walter Bedell Smith was appointed head of the new institution and gave it a semi-military character. When Eisenhower was elected president, he appointed John Foster Dulles secretary of state, and his brother Allen Dulles head of CIA, instead of Smith.

CIA recruits its agents directly from universities and military colleges and does not shrink from former OSS agents. Salaries are excellent and range between 6,000 and 13,000 dollars a year, excluding travel and other expenses. The work is done in good surroundings and carries a pension with it. CIA employs many women. They constitute one-fifth of the staff. Almost all are secretaries and typists.

The atmosphere in CIA is completely different from other government offices. Everyone speaks in a low voice and seldom uses the telephone. Once a week the building is thoroughly searched from top to bottom. The executives want to make sure that there are no microphones hidden to register secret conversations. All typewriter ribbons are locked up in special safes in the evening, and copy paper is destroyed in the presence of department heads. Even wastepaper baskets are subject to thorough search. Television cameras directed at the corners of all rooms enable one employee to watch everything and everybody. All telephone conversations are recorded.

The employees know that they have no right to a private life. They must regularly pass a lie detector test so that the management will know their innermost thoughts. Psychiatrists look over the entire staff at periodical intervals. Two doctors and two nurses are permanently in the CIA building. This institution prefers to have its employees treated on the spot and avoids their treatment in hospitals and clinics as much as possible.

In addition to its main building, CIA also has 30 other buildings and 25 sections in every country in the world. It also controls nine other American espionage organs. Sitting in his office, Dulles constantly studies reports reaching him from all quarters.

Dulles not only assumed responsibility for the U-2 flights, but he also let it be understood that he himself was the author of the scheme to take air photographs. The U-2 has become an important weapon of U.S. strategy. Diplomatic events and the new Russian rockets have dealt a decisive blow to this program.

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CIA takes less pride in its other victories. One of its agents, Gen. Norman Schwarzkopf, is said to have provoked the downfall of the Mosadeq government in Iran and to have restored the Shah to the Iranian throne. CIA agents overthrew the Arbenz government in Guatemala. Castillo Armas, who came to take his place and was killed, was a CIA agent. CIA kept President Eisenhower informed on the proposed attack by Israel on Egypt, yet was unable to say what Britain's and France's intentions were regarding the Suez Canal. The "silent service" has created secret organizations in Soviet Russia and in the satellite countries, and even in some countries which have not yet made up their minds on which side of the iron curtain they are to take their place.

~~CASTIELLA SEEKS NATO ENTRY IN LONDON~~

Moscow, Soviet European Service in English, July 11, 1960, 2000 GMT--L

(Mikhaylov commentary)

(Text) The foreign minister of Franco Spain, Sr. Castiella, arrived in London July 11. This belligerent fascist set foot on British soil not as a tourist who got his entry visa because the authorities had overlooked something or other, and not at Franco's solicitation either. Sr. Castiella has arrived at the special invitation of the Foreign Office, and he will be received at No. 10 Downing Street as a guest of honor, although during World War II he was known as Hitler's loyal man and one of the worst enemies of Britain and the British people.

In 1941 Sr. Castiella and the present Spanish ambassador in Washington, Sr. Areilza y Martinez-rodas, wrote a book which came to be known among fascists as the Spanish version of Hitler's "Mein Kampf." In this malicious squib, breathing hatred for freedom and democracy, Sr. Castiella said that the British were morally spoiled and that the seizure of Gibraltar was Spain's aim in the war. Since the outcome of the war was being decided on the Soviet-German front, Franco's future foreign minister went there with the ill-famed "blue division" which was soon afterward completely defeated by the Soviet Army. Sr. Castiella, who managed to survive, was decorated with the Iron Cross by Hitler for his services to the cause of establishing the new, fascist order in the world. It is also worth recalling that when Franco tried to make Sr. Castiella his ambassador in London in 1951 the British Government categorically refused to accept him. Now, nine years later, the British Government not only does not refuse to receive Hitler's and Franco's friend, but has itself invited him to visit London as a guest of honor.

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COMMUNIST CHINA
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~~U.S. imperialism is cunning, crafty, and subtle. After it revealed its ferocious nature, Eisenhower, while issuing calls for stepped-up war preparations in his speech, tried again to put on the peace cloak which had been torn to shreds. But the recent incident has further opened the eyes of the people of all countries.~~

CIA HAS LONG HISTORY OF CRIMINAL WORK

Peking, NCNA, Radioteletype in English to Europe and Asia,
May 29, 1960, 1111 GMT--B

(Text) Geneva, May 29--The criminal activities of the U.S. Central Intelligence Agency are exposed by Art Shields in an article appearing in today's New York WORKER. On the background of CIA Director Allen Dulles, the article states: "The master spy was a spokesman for the Rockefeller interests and their international allies for many years. He was a partner of the biggest law firm on Wall Street--the Sullivan and Cromwell firm--which his brother, John Foster, headed so long.

"Allen Dulles had many billion-dollar clients. His paymasters were the rulers of the American empire. And his firm's biggest patron was the Standard Oil Company of New Jersey. That's the Rockefellers' 10-billion-dollar giant. This company dominates the oilfields of Latin America, Indonesia, and the Middle East. It exploits the people and fights their trade unions wherever it goes. And it fears revolution and nationalization above everything else. The Rockefellers' former attorney is equipped with a billion-dollar-a-year army of spies and saboteurs and a fleet of U-2 planes. This army has one main objective--counterrevolution."

The article notes that some phases of the CIA's role in the Hungarian incident of 1956 have already been admitted by reactionary writers. Thus, Fulton Lewis Jr. admitted in the New York DAILY MIRROR of Nov. 1, 1957 that "the Central Intelligence Agency is secretly contributing about three-fourths of the money that the Free Europe projects spend." And it is a matter of record that the broadcasters of the so-called "Free Europe Committee's stations" in West Germany were inciting the insurrection to bloody efforts every day of the revolt, the article points out.

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COMMUNIST CHINA
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Allen Dulles' first big target was China, it continues. "This happened to be the land where the Standard Oil Company suffered its biggest losses from revolution. China was also the biggest obstacle to the American empire's ambitions in the Far East. So the CIA began raiding the Chinese mainland in the early 1950's." Dulles' raids were a failure, however, the article stresses. "The People's Republic of China leaped forward year by year. And several American CIA pilots were shot down by ground and air fire. Among them was Colonel John Knox Arnold, a top CIA man. His confession proved very embarrassing to the Eisenhower administration.

"Colonel Arnold was trying to drop supplies to imperialist agents in China. And he sadly admitted that he had told the Chinese things that they should not know when he talked to American reporters after serving two years in prison." Meanwhile, Dulles was flying Chiang Kai-shek troops into Burma to raid the Chinese province of Yunnan, the paper adds.

The article recalls that, in 1953, the CIA mobilized the shock forces which stormed the palace of Iranian Premier Mossadegh. One might note that the Anglo-Iranian Oil Company which Dulles was succouring, was a client of Sullivan and Cromwell, it says. As for the CIA's role in the Guatemalan counterrevolution, the article says that Dulles was very close to the United Fruit Company which reacquired the lands it had lost.

"Now the CIA is trying to overthrow the government of Fidel Castro in Cuba, where the vast estates of the United Fruit Company and other big landowners are being turned over to the people. The CIA's number two man, Lt. Gen. C.P. Cabel, told the Senate Internal Security Subcommittee in January that his agency was operating in Cuba. This indicates that the CIA is behind the air raids from Florida and the Dominican Republic. But Cuba is not Guatemala. The masses are armed and the revolution sweeps on." The article concludes: "The future is not with the imperialists and their cloak-and-dagger men."

USSR INTERNATIONAL AFFAIRS
Aug. 30, 1960

Khrushchev's visit to Finland coincides by a month with the 5th anniversary of the conclusion of the agreement for the 20 years extension of the treaty of friendship and mutual assistance. The treaty determines our mutual relations and is based on the Leninist principle of peaceful coexistence. The prolongation of the treaty was the best example of the vitality and success of the principles. Both President Urho Kekkonen and Premier Nikita Khrushchev, whose forthcoming meeting gives rise to good hopes, have done much for the successful application of the principles.

'SOVIET RUSSIA' REVIEWS DULLES' SPY ROLE

Moscow, SOVIET RUSSIA, Aug. 21, 1960--A

(V. Parkhitko article: "Spy Number One")

(Text) So the trial of the American air spy is concluded. Powers got what he deserved. All people of good will, the unbiased foreign press, and the international public approved the verdict of the Soviet court.

On the defendants' bench, invisible beside his young pupil, there was also the old wolf, the world-famous bandit and ringleader of all the spies of the United States--Allen Welsh Dulles. He was the real subject of the indictment against Francis Gary Powers. It said that the pilot spy "concluded a secret contract with the U.S. Central Intelligence Agency, headed by Allen Dulles, and that he signed a written promise that he would keep this cooperation secret."

This is exactly what the indictment of the USSR prosecutor general R.A. Rudenko spoke about. The state prosecutor mentioned several times the name of the American intelligence boss, this chief stage director of the "change-clothes vaudeville" the purpose of which was to camouflage a military espionage organ as an innocent meteorological investigation center. Lawyer M.I. Grinev spoke primarily about him when he elaborated on Powers' bosses, those who try to unleash another world war, who will commit any perfidy and start aggressive actions.

Much has been written about Allen Dulles. People in America are afraid of him and he is despised abroad. They hate him, but they write about him, because this criminal spy is an important figure in the U.S. ruling circles. The Italian paper IL TEMPO calls him the "most influential man in Washington." It is known, for example, that when the Senate committee investigated the U-2 espionage flight, Allen Dulles himself and not the

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Senate decided what part of the evidence could be published. Not even the U.S. President enjoys such privilege, the paper remarked. At the Thursday White House sessions of the National Security Council they discuss primarily Dulles' reports, and he personally conducts the discussion even in presence of the President. It is he who created the world's most expensive and extensive network of spies, diversionists, terrorists, and international bandits. It is he who sends people like Powers into the Soviet sky in order to spoil efforts toward international cooperation and relaxation of tension.

For seven years Allen Dulles has been directing the chief U.S. espionage center--namely the CIA. But this 67-year old adventurer started on his espionage career in his youth.

He was born and brought up in a family of inveterate American politicians and businessmen who knew how and where to start diplomatic intrigue and which secret buttons to push in the business world. Not in vain were three of his relatives--his grandfather John Watson Foster, his uncle Robert Lansing, and his brother John Foster Dulles--at various times officials of the most rapacious capitalist state of the world. The last of them, John Foster, stated that his basic political line was "from a position of strength" and one of "cold war." One brother supported the other in all his undertakings: on their state posts they displayed a touching unanimity whenever the target was provocations against the countries of the socialist camp.

Allen Dulles appeared on the international arena as soon as he had completed his history and philosophy courses at Princeton University. He worked first as a missionary in India and during World War I as a diplomat in Austria and Switzerland. During those years, the young "philosopher" began to carry out various espionage tasks. Washington was satisfied with him. Within 10 years, this intelligence-diplomat had a brilliant career; at 29 he was appointed chief of the State Department's Near East branch.

The "practice of his youth" also helped this spy in the years of his maturity. During World War II he fulfilled one of his most disgusting tasks, namely to make connections from Switzerland with the SS in Nazi Germany. At that time Hans Globke, now state secretary in Adenauer's Government, a war criminal and obscurantist, gained the special confidence of Allen Dulles. While simple Americans perished in Normandy, Allen Dulles fraternized with Hitler's General Gehlen and after the war spared no effort to make this same Gehlen chief of West German intelligence.

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Recently, the French journalist Roger Marie wrote a long article with the characteristic and significant headline "In 1943 Allen Dulles--Who Is Still the Chief of the U.S. Espionage Network--Entered Into Negotiations in Switzerland with the SS Secret Service."

The U.S. CIA in its present form is Allen Dulles' creation. In 1947 President Truman signed Public Law No. 253 which established the CIA. The author of this law was Allen Dulles, the professional spy with a tremendous length of service. As of 1953 he was the chief of this center of espionage, provocation, and diversion he had created.

Although CIA is distributed among 30 different Washington buildings, in big houses and in labyrinths of underground corridors, the staff of the agency operates in a block with the significant name "Foggy Bottom," an allegory very much to the point. There is not an organ in the United States with activity more cleverly concealed and shrouded in secrecy and mystery.

What does CIA do? Its primary purpose is espionage, espionage by any means and methods. According to DER SPIEGEL, the U.S. secret service now employs approximately 30,000 people. Two billion dollars are assigned for their activities.

CIA prepares its agents under conditions similar to those under which they will have to act in a foreign country. The British OBSERVER asserts that CIA teaches 68 languages, and that among the thousands of graduates of American colleges who apply to CIA for admission to the ranks of spies, only nine are picked for training in a special introductory course.

Although Dulles is the son of a minister, he demands that his subordinates give up everything sacred. CIA workers and agents have no ideals. As IL TEMPO asserts, they are regularly investigated with the help of a special machine, so that their superiors can know their most intimate thoughts. In addition, the entire personnel are regularly examined by psychiatrists.

CIA has 25 branches in various parts of the world, and it has also engulfed nine other U.S. intelligence organizations. The sinister figure of Allen Dulles hovers over all this elaborate apparatus. His people are engaged not only in espionage, but also in sabotage, murder, and staging state upheavals.

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In 1953 the tentacles of the U.S. intelligence chief stretched toward Iran. Persian Prime Minister Mossadeq, undesirable to America, was removed, and General Norman Schwartzkopf, a CIA agent, played a leading role in Iranian history. Several days prior to the Iranian events he had traveled to Switzerland and there received exact instructions from Allen Dulles himself.

In 1954 Allen Dulles' hands stifled little Guatemala. The American envoy and CIA agent John Peurifoy liquidated the Arbenz government, which was unwelcome to Wall Street.

This chief bandit stops at nothing when he wants to reach his goals. Often, he even uses his relatives for the realization of his dark plans. It is known, for example, that his sister, Eleanor Dulles, took part in the preparation of "X Day," a dirty provocation against the GDR. She appeared in Berlin on the day before the above-mentioned "day" and handed large sums to the West German revanchist organizations.

Dulles maintains special schools in Taiwan to train saboteurs. This island is the base for planes sent over the territory of People's China. Around the Soviet Union the U.S. secret service has established a network to tap radio and telephone messages and a network of radar installations.

America's chief spy, Allen Dulles, stubbornly concealed from the public the U-2 espionage flights. The pilots for these planes were trained in the Nevada desert. According to the West German DER SPIEGEL, air espionage "was one of America's most tightly kept secrets." But now the criminal pilot Powers has been caught red-handed, and his immediate boss, spy number one Allen Dulles, was almost caught and exposed before the entire world public.

Soon after the failure of the U-2 provocation, Allen Dulles appeared in France. What for? Why? A French paper answered these questions: "Allen Dulles now thinks it necessary to step up intelligence activities against the Soviet Union and the peoples democratic countries from countries such as Norway, West Germany, and even France." The paper guessed the essence, although the details were not exact at all; Dulles sent his regular air spies from a base in England.

At almost the same time the United States repeated provocations against the Soviet Union and sent to our skies the RB-47 military reconnaissance plane, Allen Dulles flew to London, Bonn, Brussels and The Hague. Why that? What for? As usual, the trip of the black raven was covered by the fog of concealment and secrecy. But it leaked through in the Western press that during his "private visits" Allen Dulles saw to it that the flights of espionage planes from bases in West European countries would be continued. He will never learn from the lessons of history.

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Dulles still pursues his dark job. In the silence of his Washington study the plans for the enslavement of peoples are matured and CIA schools train regular bandits in the use of brass knuckles and skeleton keys. Pilots for special flights are trained on secret airfields.

But the Moscow trial, where Allen Dulles stood before the entire world as the main culprit committing this provocation against the camp of peace and democracy, has ended. The entire American imperialistic system of robbery and espionage was there exposed in the dock, a system corrupting people's souls, training people like Powers, and undermining the cause of peace.

The Soviet people are hospitable. He who comes to us with an open heart and good intentions is a welcome guest. But we have formidable weapons for thieves and robbers, weapons which will always get at them. Downing the U-2 and the RB-47 proves it.

Let people like Mr. Dulles keep that in mind!

~~IMPERIALISTS' COLONIAL HOLD LOOSENING~~

Moscow, PRAVDA, Aug. 26, 1960--A

(Academician Ye. Zhukov article: "A Significant Factor of Our Times--On Some Questions of the Contemporary National Liberation Movement")

(Text) The last supports of the modern imperialist slaveholders in the colonial countries are cracking under the onslaught of the peoples who are liberating themselves. Almost all of Asia and a considerable part of Africa have freed themselves from the yoke of colonialism. While at the beginning of the year there were only 10 independent states on the African continent, their number is now 24. The African peoples confidently take the road of progress in public life. The Cuban people's revolution, which broke the fetters of imperialist enslavement, created important prerequisites for the further development of the national liberation movement in the countries of Latin America.

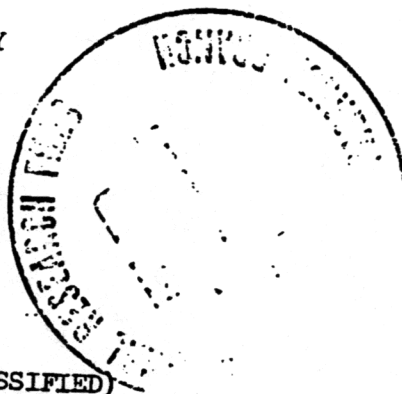
The outstanding results of the national liberation movement against colonialism fill all progressive people with great satisfaction. The declaration of the 1957 conference of representatives of communist and workers parties called the liberation movement of the colonial and semicolonial peoples one of the mighty forces of our times." The peoples of the colonial and dependent countries which are still enslaved, said this highly important document, "enhance the struggle for their national independence. The development of socialism and of the national

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P O L A N D

June 3, 1960



GLOS PRACY ASSAILS CIA CHIEF DULLES

Warsaw, GLOS PRACY, May 30, 1960--A (UNCLASSIFIED)

(Article: "Specializing in Dirty Work")

(Text) "Behind the back of the U.S. President there are people actively hindering the implementation of peaceful intentions." (From Khrushchev's speech at the communist labor conference--GLOS PRACY)

Monopolies demanded an intervention in Guatemala. Intervention had to be organized and, at the same time, a provocation arranged to enable American propaganda to somehow or other justify this unprecedented action in the eyes of the world. From this reason a ship bound for Guatemala with a few crates of Czechoslovak small arms was stopped. The entire world is soon informed of "communist aggression," but total secrecy conceals flights which bring weapons to Honduras where the "revolutionary" Castillo Armas is waiting for his chance. He is supplied with money and weapons and will soon attack the lawful government of Guatemala. "Freedom has triumphed," the newspapers scream. Who is responsible for this incident? People whose Washington headquarters is 2430 E St., N. W.

The Iranian Government of former Premier Mossadeq wanted to make Iran a republic, but Mossadeq is no favorite of Wall Street or the oil monopolies. What is to be done? The chief of 2430 E St. and his wife take a "vacation" in Switzerland where Henderson, the U.S. ambassador to Iran, also, by "coincidence," comes to spend a "vacation." It is a "coincidence" too that the Shah's sister appears in Geneva at the same time. As a result of these "vacation" talks, former U.S. General Schwarzkopf went to Teheran because General Zahedi, an associate of court circles, happens to be his friend.

All these "coincidences" result in the overthrow of Mossadeq's legal government by Zahedi, nationalization of oil is annulled, and American monopolies take the traditional place of the British oil concerns. Who prepared this action? People whose Washington headquarters is 2430 E St., N. W.

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POLAND
June 3, 1960

On Apr. 27, 1960, pilot Francis Powers was preparing for a mission. He was calm before another "milk run." In the last few years he and his colleagues had made many such flights. The duty officer at the Turkish airfield of Incirlik made this entry in the log:
"U-2--examining the meteorological situation at high altitudes."
Four days later it turned out that the "weather" flight of "milkman" Powers was his last. Who gave Powers, and other pilots before Powers, orders to fly such missions? The Washington headquarters at 2430 E St., N. W.

This address is the address of the famous CIA, the most powerful U.S. espionage organization. Allen Dulles, CIA director, has his office there. This man, as well as the organization which he heads, have lately been the object of justifiable interest. Among others, the German weekly DER SPIEGEL has devoted much attention to Dulles and given many interesting details about him.

Allen Dulles, age 67, graduated with highest honors and joined the foreign service. Although a diplomat is invariably surrounded by limelight, Dulles preferred to remain outside general attention, and even at Vienna, his first post, he tended to relish--speaking euphemistically--confidential contacts or--speaking rudely--espionage. Apparently he is quite talented in this field. Between 1917 and 1918 he was stationed in Bern where, aside from his diplomatic duties, he held a post similar to chief of the U.S. intelligence service in Southeast Europe.

Many years later, that is in 1941, Dulles returned to Bern as a real chief of U.S. intelligence service in Europe. What did he do between 1918 and 1941? He worked in diplomacy, semi-diplomacy, and quarter-diplomacy--officially, that is, in any case he must have been an intelligence expert if he was entrusted with such a responsible post in Bern during World War II.

Additional rungs in the ladder of Dulles career found him working out a memorandum for congress on the Central Intelligence Group in 1947; chairman of the committee for reorganizing U.S. intelligence services in 1948; deputy director of CIA in 1951; and director of CIA in 1953.

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POLAND
June 3, 1960

At the same time, Dulles holds a second post which enables him to wield practically unlimited authority over all U.S. intelligence services. He is, namely, chairman of the U.S. Intelligence Board--a body which coordinates the missions of all U.S. intelligence services. According to DER SPIEGEL, there are probably 30,000 people employed by American intelligence services at an annual cost of about 2 billion dollars.

Fifty percent of these people and funds are at the exclusive disposal of CIA. The other half is shared by 11 organizations... (GLOS PRACY ellipsis) Of these the most important 7 are represented on the U.S. Intelligence Board under the chairmanship of Allen Dulles. They are: 1) the intelligence service of the U.S. Chiefs of Staff; 2) the Army intelligence service; 3) the ONI or navy intelligence service; 4) the AFI or airforce intelligence service; 5) the Atomic Energy Commission intelligence service; 6) the State Department's Bureau of intelligence and research; and 7) the FBI.

It is clear from this that Allen Dulles is a big boss, all the more so that, as a presidential appointee, he is responsible only and exclusively to the President. Still, all this does not answer the question: Who is Allen Dulles? We must add a very important detail, namely, that Allen Dulles is a natural brother of the recently deceased John Foster Dulles. There is no doubt that Allen owes his post largely to his brother's influence--an influence exercised because Allen fully shared his brother's views who was the foremost champion of the "positions of strength" and "brinkmanship" policies. For years brother Allen supplied John Foster with intelligence information which helped the latter to pursue his political and diplomatic activities. But commentaries are superfluous: it is easy to think for oneself in this connection.

Allen Dulles and his institution, which has almost become a state within a state, has lately been increasingly attacked by various U.S. circles for various reasons. The Pentagon does not like CIA because it is headed by a "civilian." The State Department, too, views Dulles with a jaundiced eye because of its competition with CIA in appraising the international situation.

But the most dangerous opponents of the CIA chief are those who demand that CIA be subordinated to some Senate committee. This would put an end to Dulles absolute control of the intelligence apparatus. Such demands are made by some Democrats, animated by the exigencies of the political game, and are supported by those sober-minded people in the United States who are disturbed by provocations executed by Dulles organization and fear that they may bring fatal results.

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NATIONAL INTELLIGENCE ESTIMATE

PROBABLE DEVELOPMENTS IN IRAN THROUGH 1953

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NIE-75/1

Published 9 January 1953

The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. This estimate, NIE-75/1, incorporates certain amendments to the Conclusions of NIE-75 made by the IAC on 11 December. It therefore supersedes NIE-75, which was published 13 November 1952.

All members of the Intelligence Advisory Committee concurred in this estimate on 2 January 1953.

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PROBABLE DEVELOPMENTS IN IRAN THROUGH 1953

THE PROBLEM

To estimate probable future developments in Iran through 1953.

CONCLUSIONS

1. The Iranian situation contains so many elements of instability that it is impossible to estimate with confidence for more than a few months. On the basis of present indications, however, it appears probable that a National Front government will remain in power through 1953, despite growing unrest. The government has the capability to take effective repressive action to check mob violence and Tudeh agitation and will probably continue to act against specific challenges of this sort as they arise. The government is likely to retain the backing of the Shah and control over the security forces.
2. Even in the absence of substantial oil revenues and of foreign economic aid, Iran can probably export enough to pay for essential imports through 1953, unless there is a serious crop failure or an unfavorable export market. The government probably will be able to obtain funds for its operation. Some inflation will occur. Capital development will be curtailed, and urban living standards will fall. However, we do not believe that economic factors, in themselves, will result in the overthrow of the National Front in 1953.
3. Under these circumstances, the Communist Tudeh Party is not likely to develop the strength to overthrow the National Front by constitutional means or by force during the period of this estimate. Although the danger of serious Tudeh infiltration of the National Front and the bureaucracy continues, Tudeh is also unlikely to gain control by this means during 1953. Nevertheless, unexpected events, such as a serious crop failure or a split in the National Front as a result of rivalry among its leaders, would increase Tudeh capabilities greatly. And if present trends in Iran continue unchecked beyond the end of 1953, rising internal tensions and continued deterioration of the economy and of the budgetary position of the government are likely to lead to a breakdown of governmental authority and open the way for at least a gradual assumption of control by Tudeh.
4. Settlement of the oil dispute with the UK is unlikely in 1953.
5. During 1953 Iran will attempt to sell oil to other buyers, both in the Soviet Bloc and the West. Shortage of tankers will limit sales to the Soviet Bloc to token amounts. Small independent Western

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oil companies will probably not buy significant quantities of oil. We estimate that major Western oil companies will not be willing to make an agreement with Iran so long as the current legal, economic, and political obstacles exist. Nevertheless, some moderate-sized oil companies are becoming restive, and it is possible that combinations for the purchase and transport of substantial quantities of Iranian oil may be made unless there is direct and strong objection by the US Government. The British would probably regard any arrangement between US oil companies and Iran, in the absence of British concurrence, as a serious breach of UK-US solidarity.

6. Kashani or possibly another National Front leader might replace Mossadeq during 1953. Any successor would probably be forced to resort to ruthless tactics to eliminate opposition. In his struggle to eliminate his opposition and particularly if he failed to do so, Tudeh influence and opportunities for gaining control would increase rapidly.

7. The Mossadeq regime almost certainly desires to keep US support as a counterweight to the USSR and appears to want

US economic and military assistance. Nevertheless, there will probably be an increasing disposition to blame the US, not only for Iran's failure to sell substantial amounts of oil or to obtain an oil settlement, but also for Iran's financial and economic difficulties.

8. Therefore, the US Point Four and military missions are likely to find it even more difficult to operate during 1953 than at present. They would probably be placed under severe restrictions if Kashani or other extremists came to power. However, neither the Mossadeq Government nor a successor National Front regime is likely to expel these missions during 1953.

9. The USSR appears to believe that the Iranian situation is developing favorably to its objectives. We do not believe that the USSR will take drastic action in Iran during 1953 unless there is a far more serious deterioration of Iranian internal stability than is foreseen in this estimate. However, the USSR has the capability for greatly increasing its overt and covert interference in Iran at any time, to the detriment of US security interests.

DISCUSSION

INTRODUCTION

10. Events since the nationalization of oil in 1951 have profoundly changed the political climate in Iran. The political forces which brought Mossadeq and the National Front to power are powerful and lasting. The Shah and the formerly dominant landowning class have lost the political initiative, probably permanently. Nevertheless, the coalition of urban nationalists and religious zealots which Mossadeq heads has no agreed program for the future, being united primarily by a com-

mon desire to rid the country of foreign influence and replace the traditional governing groups. The ability of the National Front to remain in power, as well as Iran's ultimate role in the East-West conflict, will depend in large measure on the National Front's success in working out solutions to the serious social, political, and economic problems which will confront it during the next year.

11. Although unrest in Iran derives from a complex of factors extending far beyond the oil dispute with the UK, this dispute none-

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theless has become the focal point of political activity. Mossadeq rode to power on the issue of nationalization of oil, and his present political strength derives largely from his continued defiance of the UK.

PROSPECTS FOR A NEGOTIATED OIL SETTLEMENT

12. *British Attitude:* We believe that the UK will almost certainly continue to insist that there be some form of neutral arbitration of the amount of compensation for the seizure of Anglo-Iranian Oil Company properties even though nationalization *per se* is no longer an issue. The UK will probably also continue to resist making payments against Iranian claims without first obtaining firm Iranian commitments to follow through with a settlement.

13. In taking this stand, the UK is motivated primarily by considerations of prestige and precedent. The Conservative government would face strong political opposition at home if it agreed to Mossadeq's present terms. Perhaps more important, the British feel that capitulation to Iran would threaten their own and the Western oil position generally in other parts of the Middle East. Meanwhile, the British feel under no immediate compulsion to make a settlement with Mossadeq. In the first place, increased production in other areas has already made up for the loss of Iranian crude oil production, although the refining capacity at Abadan has not been fully replaced. Secondly, although the UK believes that lack of oil revenues will result in progressive economic and political deterioration in Iran, it does not appear to regard a Communist takeover in Iran as imminent.

14. Moreover, the British are not likely to be induced to make greater concessions to Iran by the prospect of Iran's selling oil in the absence of a settlement with AIOC. The UK probably believes that in the absence of an agreement between Iran and a major US oil company, it can continue to exert economic pressure on Iran and prevent the shipment and sale of significant quantities of Iranian oil in world markets. The British would probably regard such an agreement, in the

absence of British concurrence, as a serious breach of UK-US solidarity.

15. *Iranian Attitude:* Although the Mossadeq Government desires and needs revenues from the sale of oil, its attitude toward the oil dispute is conditioned largely by political considerations. The National Front has manipulated oil nationalization into such a powerful symbol of national independence that no settlement would be acceptable unless it could be presented to the Iranian public as a clear political victory over the UK. Mossadeq has been under growing pressure from extremists such as Kashani who maintain that Iran's oil resources are a curse rather than a blessing and that Iran should reorganize its economy to avoid dependence on oil revenues. On the other hand, Mossadeq's strength with other elements in the National Front has depended largely on his continued success in persuading the Iranian people that he is doing his best to restore oil revenues but that he is being blocked by British intransigence, injustice, and greed. Whether or not Mossadeq has the political strength and prestige to persuade the Iranian public to agree to an oil settlement on terms which the UK could accept, his performance to date provides no indication that he desires to or will do so. On the contrary, he has made successively greater demands for British concessions.

16. We believe, therefore, that a negotiated oil settlement during the period of this estimate is unlikely.

PROBABLE DEVELOPMENTS IN THE ABSENCE OF A NEGOTIATED SETTLEMENT

The Oil Problem

17. Despite the severance of diplomatic relations with the UK, Iran will probably be receptive during the coming year to further proposals for a settlement of the oil dispute. For political as well as economic reasons it will also make every effort to sell oil to other buyers, both in the Soviet Bloc and the West. It will avoid entering into any agreements which could be construed as violating Iran's sovereignty or its control of the oil industry.

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18. It is unlikely that Iran will sell significant quantities of oil during 1953 unless it can make arrangements with a major Western petroleum distributing firm or a combination of moderate-sized firms. Although it is likely to sign further trade agreements with Soviet Bloc countries calling for delivery of Iranian oil, the extreme shortage of tankers available to the Soviet Bloc will restrict shipments to token amounts. It also is unlikely to sell financially significant quantities of petroleum to small independent Western oil companies in view of the difficulties which these companies would have in chartering the necessary tankers and in breaking into established markets. We estimate that major Western oil companies will not be willing to make an agreement with Iran so long as the current legal, economic, and political obstacles exist. Nevertheless, some moderate-sized oil companies are becoming restive, and it is possible that combinations for the purchase and transport of substantial quantities of Iranian oil may be made unless there is direct and strong objection by the US Government.

19. Barring an agreement with a major Western concern or combination of moderate-sized firms, Iran will not realize sufficient revenue from oil to alleviate appreciably either the government's fiscal problem or the nation's economic difficulties. The principal effect of such limited sales would be political. They would enhance Mossadeq's prestige by enabling him to claim success in defying the UK and to claim that his government was making progress toward restoring oil revenues.

Economic and Financial

20. To date the loss to Iran of oil revenues does not appear to have been directly reflected in reduced consumption levels, although investment has been slowed. Wholesale prices and the cost of living index have risen very little since early 1951. Since the beginning of 1952, there has been some drop in real income and business activity, and a corresponding rise in unemployment, mainly because of the postponement of government disbursements under budgetary pressure.

21. Until mid-1952, the government financed its deficits mostly by selling government assets to the government-controlled Bank Melli and borrowing from semi-public institutions. By mid-1952, the government had exhausted nearly all its gold and foreign exchange holdings except for the legal minimum required as backing for the currency. Since mid-1952, the government has been meeting its deficit, currently running at 300,000,000 rials a month, principally through unsecured loans from the Bank Melli.

22. Mossadeq is not likely to make substantial reductions in government expenditures. Although he at one time considered reducing the armed forces budget, more recently he appears to have realized the importance of these forces in maintaining order throughout the country. He cannot afford to stop payments to the unemployed oil workers at Abadan. Although he may attempt to resettle some of those workers in other areas, he will be reluctant to do so as long as there is a possibility of reviving the oil industry. Mossadeq may, in fact, be forced to increase government expenditures, to provide, for example, working capital for factories and to finance the small economic development projects already under way. Moreover, he must find funds for relief during the slack winter months, when some unemployed agricultural and construction workers customarily migrate to the cities.

23. Prospects for increasing government revenues during 1953 are slight. The only significant sources of increased tax revenue are the wealthy landlords and capitalists. Although Mossadeq has the authority and will probably make greater efforts to tap these sources, perhaps in some cases by outright confiscation, even full exploitation of these sources would not eliminate the government deficit. On the basis of recent experience, further bond issues are not likely to raise adequate amounts.

24. In the absence of foreign aid during 1953, therefore, the government will probably resort increasingly to deficit financing, primarily by unsecured loans from the Bank Melli

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and by increasing the amount of currency in circulation. The government may also resort to confiscation of property and the sale of government stocks, such as opium and rice.

25. Iran's imports will continue to decline. Although exports are expected to be slightly higher than the 1951-1952 level, they will be sufficient to meet only about one-half Iran's imports prior to the oil dispute. In view of the near exhaustion of foreign exchange holdings, imports will have to be reduced to approximately this level, thus contributing to inflationary pressures and causing some reduction in urban business activity. Reducing imports will cause sharp reductions in the availability of luxury goods and some reductions in capital goods during 1953, but is not expected to deprive Iran of essential imports. There will also be a trend toward barter agreements, and the already substantial Iranian trade with the Soviet Bloc will tend to increase.

26. The net results of the financial and economic steps likely to be taken by the government during 1953 will probably be: price increases of perhaps as much as 20 to 30 percent; some reduction in living standards in the cities; a substantial increase in the national debt; a reduction of privately held and government stocks; and further postponement of the government's own economic development program. A continuing low level of capital goods imports will lead to some deterioration of Iran's physical plant; at the same time, upward pressures on the price level, arising in large part from government deficits and declining public confidence, will bring nearer the danger of runaway inflation. Moreover, the government will have little margin of safety for coping with such unanticipated eventualities as a serious crop failure. Although we do not believe that these developments, singly or collectively, are likely in themselves to cause the overthrow of the National Front in 1953, a continuation of these trends beyond 1953 will have a serious effect on political stability.

Political

27. The principal internal political problems facing a National Front regime will be to retain popular support, to preserve unity in the National Front, and to maintain the morale and effectiveness of the security forces.

28. During 1953 the dispute with the UK will gradually become less effective as an instrument for rallying popular support behind the government. As the economic effects of the loss of oil revenues become more noticeable, the government will be under greater pressure from large property owners to restore oil income. Tudeh and the more radical elements in the National Front will increase their demands for social and economic improvements. In response, the National Front government will probably attempt a more vigorous enforcement of agrarian and labor legislation. Enforcement will be haphazard and will require increased use of force. The agrarian program will be bitterly opposed by some landlords, and clashes between peasants and landlords are likely to increase.

29. The illegal Tudeh Party will continue to profit from the gradual economic deterioration that will take place during 1953 and from the haphazard enforcement of the government's program for social and economic improvements. The party will continue its efforts to weaken and divide the National Front, will attempt to instigate riots and disorders by peasants and urban workers, and will intensify its propaganda against the US and the Shah. It will probably make some further progress in infiltrating the National Front and some government agencies. However, the government has the capability to take effective repressive action to check mob violence and Tudeh agitation. It has recently outlawed strikes and will probably continue to act against specific Tudeh challenges to its authority as they arise. We believe that Tudeh will not be granted legal status during 1953 and that it will not develop sufficient strength to gain control of the government by parliamentary means or by force. There is serious continuing danger of Tudeh infiltration of the National Front and the gov-

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ernment bureaucracy, but we believe that Tudeh will not be able to gain control of the government by this means during 1953.

30. To maintain itself in power, the government will rely increasingly on the security forces. As stated above, the government can and probably will avoid substantial reductions in the military budget. Recent changes in the high command are not believed to have significantly reduced the morale and effectiveness of the security forces. These will probably remain loyal to the government and if given explicit orders will probably be capable of maintaining order except in the unlikely event of simultaneous nation-wide riots and disturbances. We do not believe that the Tudeh Party will develop sufficient strength during 1953 to instigate disturbances beyond the capability of the security forces to control.

31. Mossadeq will probably continue to benefit from the inability of the opposition to unite or exert effective power. In the past, Mossadeq has shown great skill in isolating his opponents and attacking them one by one. He is likely to continue those tactics and to adopt progressively forceful measures against the opposition. The Majlis has granted him authority to rule by decree until mid-February, and we believe he will be able to have this power extended if he considers it necessary.

32. It seems probable that the National Front will remain in power during 1953. It is likely to retain the backing of the Shah and control over the security forces. The groups opposing the National Front are not likely to have the strength or unity to overthrow it. However, we are unable to estimate with confidence whether Mossadeq himself will remain in power during 1953. Kashani, Mossadeq's strongest potential opponent, will probably continue to exert a strong influence on Mossadeq and consequently will probably prefer to remain in the background while Mossadeq continues to shoulder responsibility. On the other hand, Kashani is building up his own political strength and might, should he so

desire, be able to oust Mossadeq by parliamentary means during 1953.

33. Kashani would also be the probable successor to Mossadeq in the event of the latter's death. Regardless of how Mossadeq is replaced, Kashani or any other National Front successor could not be assured of the support of all the diverse elements of the National Front. Any successor regime would, therefore, be likely to resort to ruthlessness to destroy opposition. In its struggle to do so, and particularly if it failed to do so, Tudeh influence and opportunities for gaining control would increase rapidly.

34. If present trends in Iran continue unchecked beyond the end of 1953, rising internal tensions and continued deterioration of the economy and of the budgetary position of the government might lead to a breakdown of government authority and open the way for at least a gradual assumption of control by Tudeh.

PROBABLE DEVELOPMENTS IF THE UK AND IRAN REACH AGREEMENT ON THE OIL QUESTION

35. If the Iranian Government reached an oil settlement with the UK — no matter how favorable to Iran — it would almost certainly be confronted with violent demonstrations in urban centers by the Tudeh Party and probably by extremist elements in the National Front. There would also be immediate danger of Tudeh sabotage of oil installations. However, the government would almost certainly have the backing of the Shah, the security forces, and the more moderate National Front elements and would probably be able to suppress these disturbances. The resumption of large-scale oil exports would go far toward easing the government's budgetary difficulties and would enable it to take steps to increase the supply of goods and reduce inflationary pressures, and to expand its economic development program. Nevertheless, anti-foreign sentiment, particularly against the UK, would remain strong, and even with substantial oil revenues the government would still have great difficulty in dispelling the antagonisms aroused between landlords

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and peasants and between the "haves" and "have nots," which would continue to be a major cause of instability.

PROBABLE DEVELOPMENTS IF IRAN SELLS SUBSTANTIAL QUANTITIES OF OIL WITHOUT BRITISH CONCURRENCE

36. If Iran were to succeed in making a contract for the continuing sale of substantial quantities of oil to a major Western oil company without having reached a settlement with the UK, the economic effects would be substantially the same as those described in paragraph 35 above. Tudeh reaction would almost certainly be violent, and there might be some opposition from extremist elements in the National Front. In any event, the government could suppress any disturbances that might arise and its prestige would be considerably enhanced. Basic causes of instability would remain, but the government would be in a stronger position to arrest the trend toward eventual Tudeh control.

IRANIAN RELATIONS WITH THE US AND USSR

37. The Mossadeq regime will probably continue its pressure on the US to persuade the UK to agree to Iranian terms in the oil dispute and will be quick to criticize any signs of what it considers US support for the UK. It will also continue to request financial assistance, arguing that the withholding of US aid increases the danger of ultimate Tudeh control.

38. The Mossadeq regime will not wish completely to alienate the US. Mossadeq almost certainly desires US support as a counterweight to the USSR and he appears to desire US economic and military assistance. Nevertheless, as internal tensions mount, there will be an increasing tendency to blame the US, not only for the failure to restore substantial oil revenues, but also for Iran's financial and economic difficulties. The US military and Point Four missions in Iran may therefore find it even more difficult to operate during 1953 than at present.

39. Kashani or other extremist National Front leaders who might succeed Mossadeq

would probably be more opposed than the Mossadeq regime to the exercise of US influence in Iran and would probably place greater restrictions on US missions in Iran. However, their recognition of the need of US support to counter Soviet pressure and their acknowledgment of the value to Iran of Point Four aid would probably check any inclination they might have either to terminate Point Four aid or to expel the military missions.

40. Iran's official relations with the USSR will probably remain cool and guarded. Although both governments will seek to increase trade between Iran and the Soviet Bloc, the National Front will almost certainly avoid any action which would subject Iran to Soviet domination. On the other hand, it will not wish to destroy the USSR's value as a counterweight to the West. In the UN, Iran will probably take a neutralist, anti-colonialist position and support any attempt to establish a neutral Arab-Asian bloc.

41. For its part, the USSR appears to believe that the Iranian situation is developing favorably to its objectives. While continuing its support of Tudeh and its violent radio attacks on the government and the Shah, the Soviet Union is unlikely to take any drastic action to influence the Iranian situation during 1953 except in the unlikely event of a far more serious deterioration of Iranian internal stability than is foreseen in this estimate.

42. The USSR, however, has the capability for greatly increasing its interference in Iran at any time, to the detriment of US security interests. Its capabilities include: greatly increased support of disaffection and subversion in Azerbaijan, including the infiltration of Soviet Azerbaijanis; greatly increased financial support for Tudeh; offer of economic and financial inducements to Iran; stirring up of the Kurds; and heavy pressure for the removal of the US missions, legalization of Tudeh, and removal of legal bans on the Tudeh press. The USSR would probably refrain from use of Soviet armed forces in Iran, because of the possible global consequences of such intervention. Soviet intervention short

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of the use of Soviet armed forces would probably not result during 1953 in the direct overthrow of the Iranian Government or the detachment of Azerbaijan but could have a seriously adverse effect on the stability and integrity of Iran and on US security interests there.

43. Negotiations on the future of the USSR's Caspian Sea Fisheries concession, which expires 31 January 1953, may provide an indication of a change in Soviet-Iranian relations, although both Iran and the USSR will probably confine themselves at most to hard bargaining.

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THE AGENT, GETTING HIM OUT

Sometime in 1941, _____ and Blackwell landed at Sionville and were caught, as related elsewhere. In jail with them at the time were the entire group who had been caught sinking a ship with a sticky limpet. They had sunk about ten others before they were caught. The ship in question was called AGENT; they sank it in the harbor of La Nouvelle. They got these sticky bombs from Malta by sub; _____, and the whole crowd had received these on shore. When the police caught them, they found about a ton of these bombs. The members of this gang included _____ (these two had made a trip to Malta) and _____ were the chiefs of this gang. _____ was the man who placed the bombs. They communicated with Malta by means of their own radio, independently of us. We knew about them all the time because they made the first contact; the telegram was sent to Mr. Springs.

Now the sticky-bomb gang was in the same jail with _____ and Blackwell; this was just before the landing. We made a plan to get all of people out. We asked for a submarine or a plane to be sent over from Malta. Malta replied that this was impracticable and advised us to try to evacuate them via Oran. This was ridiculous. Then they suggested that we get in contact with Gibraltar about the case, but there was no time, because then the German occupation took place.

We could not get them out of jail until there was some way to dispose of them. We could get them out at any time we wanted. We had it arranged

with the _____ jailer, who was to be sent with them to allied

_____ of the German landings, the prefect of Police released the

_____ through to Algiers.

MALTA

Our contacts at Malta all this time were with Capt. Anthony Morris; he operated the other end of our w/t communications, and it was he who received and sent back Verdier and Meunier, to the best of our knowledge

* TWO STORIES OF ATTEMPTS BY THE MALTA GROUP TO LAND AGENTS, WHICH FAILED

(This is by _____)

(1) _____ went out to Tunisia as agents, two men; _____ who were rowed ashore from the submarine by a sailor named Blackwell. Blackwell landed them at Sionville, near Neboul. When Blackwell tried to return to the sub, his boat capsized and he returned ashore. The three of them then went to a little cafe in Neboul. All were wearing civvies. But Blackwell had wet clothes; the proprietor became suspicious and turned them in. (date of this, late 1940-early 1940)

(2) In a second attempt, two men were landed from a submarine at Zarzes, whence they were supposed to go through to Tripoli; they were however, soon picked up. One was an Algerian Arab and the other an Egyptian. They were both wearing Tripolitan clothing, which aroused suspicion and caused their arrest. Another blunder by _____

lent number of troops and quantities of military equipment. In other words, they were all for, or all out against, the Germans, but they did not wish to be concerned with anything of an abortive nature. If we could convince them that any projected landings would not be of a commando variety, the victory was won.

Late in 1941 direct contact was established at Tangier with [redacted], and I became their chief organizer in this area. It was necessary to reorganize and revamp this skeleton organization; I was charged with paying off the agents, collecting information, evaluating and sending it forward to Tangier, etc. As soon as Col. Edd [redacted] arrived at Tangier this was carried on with his aid and cooperation. Sets, codes, and all the attendant paraphernalia for a radio network were brought by Boyd and myself through the pouch and set up.

The principal post was in [redacted] apartment, and it is to his credit that this post stayed there and functioned for well nigh a year without discovery. It had to be changed twice: they gave us very poor sets; the quality of the material was of very poor grade. In the beginning the sets were very bulky, and it is a wonder that we weren't caught coming through. Happily, we had established very good contacts in all the customs offices. Later on quite a high grade of set was manufactured by the Poles in Britain with British and American parts: very small and high powered.

A few months later we established contact with the man who afterwards became the chief of the [redacted] in North Africa, whose code name was [redacted]. We performed the same services for [redacted] network as we did for [redacted]. I collected, dispatched information, paid necessary funds to him and to certain other subordinates, etc. I was also able to put [redacted] into contact with another French secret group, mostly socialist, who were roughly organized by [redacted] a regional [redacted] group furnished the bulk of useful information in [redacted]. For some reason they were unwilling to work with [redacted] and at that time we had no peculiarly U.S. network in existence.

On the other hand, the initial clause, so to phrase it, of our working agreements with all these networks was that we should have access and what amounted to censorship if necessary over all information that passed through our hands. This was also promised in respect to everything that was sent via radio, although here naturally control was very difficult. I might say that a sort of censorship was most necessary in regard to many of the agents, since a number were not in sympathy with our presence in North Africa or at Vichy. Very often their tendency was to take extraordinary the worst type of rumor for fact, and to attempt, in this [redacted] to make a break between the U.S. and the Vichy government.

near
This pass censorship, or pooling of information at the source, was likewise [redacted] across check. Often when we were requested to see [redacted] information [redacted] and likewise pass on similar requests, more or less [redacted] is these networks. The ideal state of affairs, when several [redacted] networks exist in a given territory, is for all members to be totally unaware of the existence of any and all similar agencies. Un-

About August 1942 it was agreed at a meeting that the leadership of the whole effort was to go to Col. Tostain, who in an emergency was to supply arms to these groups from the arsenal. This, as you will see, turned out to be a mistake. A week or two before D-day a rehearsal was held, and the various leaders were told to report at certain street corners or cafes to receive their orders. Carcassonne and his assistants met these men and told them to be in readiness for another trial in the near future, and sent them home. The test was very successful.

The plan was for one group of picked men to appear at the gate of the division HQ where they would receive their arms. They were then to proceed to Navy HQ, overcome the guard at the gate, and arrest the admiral and any body found in the HQ. Other groups were to seize the central telephone office, the Post Office, and other public buildings. No attempt was to be made to silence the navy guns. Our work on the navy was to be limited to the seizure of their HQ and an attempt to confuse orders. The Naval HQ presented little difficulty; it was usually guarded by one tired-looking Arab sailor, who could easily have been overcome by two or three men.

Col. Tostain's part was to visit the general late Saturday night, tell him what was coming off, and if he refused to join the resistance, he was to be arrested or shot and Tostain, chief of staff, was to take over command.

The group headed by [redacted] was to remove the detonators from the mined places in the road between Mers el Kebir and Oran. They succeeded in removing them from the long tunnel, but failed to get the two on the cliff road near Mers el Kebir. In the tunnel they took out two detonators and put in two false ones; when the plunger was pushed, nothing happened. However, the cliff road blew up. It was cleared for traffic in about four days. If they had blown the tunnel it would have taken months to clear.

Another group headed by [redacted] was to report for duty at the women's ambulance corps; their job was to proceed to various emergency landing fields with flares. Still another group headed by Vice-Consul Browne, who was accompanied by [redacted], went to a spot between Tazaroult airfield and La Senia airfield. Browne had a radio beacon and [redacted] had flares. Browne was to look after the beacon and [redacted] had charge of the flares. Browne's group was armed with .45's and one Sten gun.

Before I left Oran plans had been made for a hideaway HQ in the back of a garage; [redacted] had agreed to run a telephone line directly from division HQ to this garage, so that constant contact could be kept. For some reason which I do not know (I was not there) this plan was not followed.

Approved for [redacted]
Date 05 JUN 1989

... very fortunate in having made the acquaintance of a Frenchman who had fought and been wounded in World War I and

... Frenchman, while anti-British, was profoundly pro-American, and [redacted] had fought alongside of one of [redacted] divisions in the Argonne Forest in 1918. His life was saved by an American Infantryman who carried him from an exposed position in the field to a first aid dressing station under heavy fire. I became acquainted with this former French officer in the summer of 1941 and after friendly relationships for two or three months, was able to win

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his confidence. Eventually he turned out to be a top voluntary agent and supplied information regarding [redacted] clandestine shipments of mineral ores. His help was invaluable. He would summon me to his apartment and disclose

... This was really inside information and Mr. Murphy acknowledged it as such after the Armistice by writing and thanking this Frenchman for his invaluable aid to our cause.

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B-63-F-11

Item # 1516

Dec 12

Approved [redacted]
Date 25 JUN 1953

I was well acquainted with a _____ industrialist who was

He had excellent security and had given proof of his loyalty to the Allied cause by furnishing me with documented information in the fall months of 1941 of all German purchases of metal in Morocco and the use they intended it for. This industrialist also supplied information on all maintenance repair work done at night time to an occasional crippled German submarine infiltrated into the harbor of Casablanca with the connivance of French naval authorities. ^(See Photo stat next page) On approaching him relative to installing this wireless equipment in a secure place _____

He fell into line at once and said he would be glad to furnish suitable cover for the installation. _____

He said it would be necessary to "employ" Ajax as a laborer. _____

He advocated having Ajax live on the premises the way some of the other hands were accustomed to do. _____

No stones were left unturned to carry the part through in "John Barrymore style." The three of us went out two nights

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WASH-HQ-CPS-23
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B-63 F 11

Item # 1517
Dec 13

Approved for Release
Date 05-11-1983

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SECURITY INFORMATION

1 July 1953

NSC not used

COMMENT ON MOSSADEQ VICTORY IN THE IRANIAN MAJLIS

The 1 July election of a Mossadeq supporter, Abdollah Moazzami, as president of the Majlis was accomplished by the National Front with the support of the independents. These deputies apparently responded to the prime minister's threat on 26 June to dismiss the Majlis if his government did not receive majority support.

Although Mossadeq now controls this important parliamentary post, the opposition can still prevent a quorum and there is no indication that the Majlis members will be amenable to his will in the future.

Mullah Kashani, ex-president of the Majlis, who on 30 June issued a strong denunciation of Mossadeq's dictatorial tactics, can be expected temporarily to limit his political activities. Kashani's own ambitions will induce him, however, to continue working against the prime minister.

DOCUMENT NO. _____
NO CHANGE IN CLASS. ☐
☒ DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: _____
AUTH: 12176-2
DATE 1-2-86 REVIEWER: 372044

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OCT 3 1952

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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

3 October 1952

SUBJECT: SE-33: PROSPECTS FOR SURVIVAL OF MOSSADEQ REGIME
IN IRAN (for Board Consideration)

THE OIL ISSUE

1. The Anglo-Iranian dispute remains the focal point of current political ferment and instability in Iran. Mossadeq's National Front regime rode to power on the issue of nationalization of oil and remains in power in large part because it has successfully defied the UK. An early settlement of the oil dispute is unlikely. Mossadeq would almost certainly be overthrown if he concluded an agreement with the UK which he could not successfully represent as a decisive victory for Iran. In view of the intense anti-British sentiment in Iran, any agreement which Mossadeq could accept would require far greater concessions than the British have given any indication of offering. Mossadeq will, therefore, probably continue his efforts to persuade the US either

- (a) to bring pressure on the British to agree to his terms or
- (b) to facilitate the sale of Iranian oil in the absence of a

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settlement with the AIOC.

THE ECONOMIC SITUATION

2. The loss of oil revenues has had a restrictive effect but has not done serious or lasting damage to the Iranian economy. The great majority of the people have not yet been and are not likely soon to be affected by economic developments which include moderate price increases, curtailment of urban business activity and reduced imports. The financial position of the government, however, has been seriously affected. Loss of oil revenues will require further substantial budgetary cuts and/or extensive borrowing and currency devaluation. Mossadeq has the authority and the resources to avert a fiscal breakdown for some time, but the measures he must adopt, though authoritarian, will gradually restrict the resources and activities of the central government and contribute to economic deterioration.

BALANCE OF POLITICAL POWER

3. The forces unleashed by the issue of oil nationalization have produced permanent and far-reaching changes in the traditional political balance of power in Iran. The Shah has virtually no power for independent action. The old ruling

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landowning class has also lost political initiative and much of its power. Although the Army can probably still maintain security in most situations likely to occur, its leadership has been demoralized by recent events, is becoming more subservient to the National Front, and appears to be losing its capability for independent action. The National Front is thus the predominant political force in Iran. The principal immediate threat to Mossadeq comes from dissenting factions within the heterogeneous National Front. Chief among these is that led by the Mullah Kashani, fanatical Moslem leader. His agitation among peasants for agrarian and social reform is creating unrest which Mossadeq may be unable to control. His extreme intransigence on the oil issue and uncompromising demands for the expulsion of all Western influence from Iran adds to Mossadeq's difficulties in finding markets for Iranian oil. Meanwhile, the Tudeh Party has bettered its position considerably, but is believed incapable by itself of overthrowing the government by force or subversion. It will, however, probably support Kashani because of its fear that Mossadeq might succeed in achieving an oil settlement and because if Kashani were in power he would speed up the arrival of the moment propitious for a Tudeh take-over.

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RUMORS OF COUP

4. As in the period prior to Mossadeq's resignation in July 1952, there are numerous reports that Mossadeq is losing support and that various groups are plotting his overthrow. Almost all available reports point to Kashani's participation, but they disagree as to: whether Kashani is to be the leader or the tool of such an attempt; the relationship between Kashani and the Tudeh; the extent of Kashani's support within the National Front; and the position of the Army and the Shah. The possibility also exists that Mossadeq and Kashani themselves may be circulating rumors of a break between them or a coup in order to frighten the US and UK into yielding on the oil dispute.

PROBABLE OUTCOME OF A COUP

5. Anti-Mossadeq forces can choose from among the following methods of seizing power:

(a) Constitutional means: The Majlis is scheduled to reconvene on 9 October. It appears unlikely that Kashani could persuade the Majlis to vote to oust Mossadeq in view of the absence of any issue which could serve as a basis for attacking Mossadeq, the resources at Mossadeq's disposal for controlling the deliberations of the Majlis and Mossadeq's record as champion of nationalist aspirations.

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(b) **Military Coup:** A military coup against Mossadeq is not likely to succeed because Mossadeq has had the opportunity to eliminate elements in the Army hostile to him, and none of the Army personnel reported as currently being involved in plots against Mossadeq are believed to have the prestige or influence to obtain the necessary support from the Army.

(c) **Mob Violence:** A contest in the streets between the forces supporting Mossadeq and Kashani would be bitter and destructive. The lineup of forces would depend in large part on the specific issues involved at the time the rioting broke out. On balance, we believe that Mossadeq could rally greater forces than Kashani. The lineup would probably be as follows:

1. Mossadeq: the bulk of the National Front rank and file in the cities; Dr. Baghai's Iranian Workers' Party with its organized street fighting forces; the Sonka (pro-Nazi) Party, providing the Tudeh supported Kashani; and the Army and part of the Police force, providing they were given specific and direct orders before the attempt to take over the government had gone too far.

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2. Kashani: his followers in the National Front; the Bazaar mobs and the bands of ruffians organized by his son; the Fedayan terrorist organization of Moslem extremists; the Tudeh and its various subsidiaries; and possibly some support from the tribes if the Army sided with Mossadeq.

(d) Assassination: Assassination of Mossadeq would probably result in the accession to power of Kashani because: (a) it is improbable that any moderate National Front leader would be able to resist the combined forces of Kashani and the Tudeh Party; and (b) Mossadeq's assassination would increase anti-Western sentiment and further weaken the position of the conservative opposition.

LIKELIHOOD OF A COUP

6. Although we believe that Mossadeq, if he escapes assassination, can probably resist all efforts to overthrow him, we do not believe there is sufficient evidence to estimate the likelihood of an attempt against him, the composition and intentions of the group which might make such an attempt, or the means they might employ.

CONSEQUENCES OF A KASHANI TAKEOVER

7. If Kashani should gain supreme power in Iran, by whatever means, the following developments would probably take place:

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- (a) Rapid deterioration of the efficiency of the government and weakening of the security forces.
- (b) The confusion of the economic situation by the promulgation of reforms which the government could not administer.
- (c) The ejection of Western representatives and influences.
- (d) Complete breakdown of negotiations with the UK on the oil dispute.

As a consequence of the above developments, the situation would become ripe for the assumption of power by the Tudeh with minimum Soviet assistance within a year.

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SECURITY INFORMATION

SPECIAL ESTIMATE

**PROSPECTS FOR SURVIVAL OF MOSSADEQ
REGIME IN IRAN**

SE-33

Advance Copy for NSC Senior Staff

8 October 1952

The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 8 October 1952.

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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

8 October 1952

**SE-33: PROSPECTS FOR SURVIVAL OF
MOSSADEQ REGIME IN IRAN***

CONCLUSIONS

1. On the basis of available evidence we believe that the Mossadeq Government can survive at least for the next six months unless ill-health or death removes Mossadeq from the Iranian political scene.

2. If Kashani should come to power, the most probable result would be the progressive deterioration of Iran, possibly leading to the eventual assumption of power by the Tudeh.

* This estimate has been prepared in response to an urgent, specific request and is an interim estimate pending the preparation of a more comprehensive one which is under way.

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ESTIMATE

THE OIL ISSUE

3. An early settlement of the oil dispute with the UK is unlikely. Political forces which Mossadeq himself encouraged in the past now require him to insist upon greater concessions than the British have given any indication of finding acceptable. On the other hand, Mossadeq's prestige would be greatly enhanced if he succeeded in effecting the sale of oil despite the British boycott.

THE ECONOMIC SITUATION

4. The loss of oil revenues has not seriously damaged the Iranian economy, primarily because of an excellent harvest, although there have been some price increases, curtailment of urban business activities, and reduction of imports. However, the financial position of the government has been seriously affected. Unless the government restores revenues from the sale of oil, substantial budgetary cuts and/or extensive internal borrowing and further currency expansion are inevitable.

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FACTORS OF POLITICAL POWER

5. a. Recent events have produced far-reaching changes in the traditional factors of political power in Iran. As a practical matter, the Shah has almost completely lost his capability for independent action, but is a useful tool for Mossadeq, should need arise. The formerly dominant landowning class has also lost political initiative. The Armed Forces, if given effective direction, are probably capable of coping with any type of domestic disturbance presently foreseeable. We do not believe that their effectiveness has been materially reduced by Mossadeq's changes in the high command. Mossadeq's popular prestige makes him still the dominant political force in Iran.
- b. A major threat to Mossadeq's continued control over the heterogeneous National Front arises from the activities of Mullah Kashani, ambitious Moslem leader. Kashani's extreme intransigence on the oil issue

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and his uncompromising demands for the termination of all foreign interference in Iran severely limit Mossadeq's freedom of action. He has successfully separated many National Front politicians from Mossadeq. Although Kashani has expressed optimism publicly with respect to his ability to control Tudeh, he is basically opposed to their aims, probably can weigh with shrewdness and accuracy the potential value and danger to him of Tudeh support, and is not likely under present conditions to seek their help.

- c. While the Tudeh Party has become stronger in recent months, it is almost certainly incapable by itself of overthrowing the government by force or subversion at present. Although the Tudeh Party has an organization, has a significant degree of favorable public opinion, and has the cooperation of the USSR, it still lacks a legal status and the power in the Majlis and control of the key Cabinet positions which would be necessary to take over the government

- 4 -

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by constitutional means. The Tudeh Party will, however, probably support Kashani in the belief that if Kashani were in power its opportunities for taking over the country would be improved.

LIKELIHOOD OF AN ATTEMPT TO OVERTHROW MOSSADEQ

6. Since Mossadeq's return to power in July 1952 there have been continuous reports of plots to overthrow him. Kashani and Army officers are frequently mentioned as leaders, but the reports conflict on matters of essential detail. It does not seem likely that Kashani will seek to replace Mossadeq so long as no clear issues of disagreement arise between them, so long as his influence on Mossadeq remains strong, and so long as Mossadeq is willing to assume responsibility. So far as a military coup is concerned, we have no evidence to indicate that any group of officers has the capability which the initiation of a successful coup would require.

PROBABLE OUTCOME OF AN ATTEMPT TO OVERTHROW MOSSADEQ

7. In the event that an attempt is made to overthrow Mossadeq, the following means are available:

- 5 -

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a. Violent Means:

- i. Military Coup: A military coup against Mossadeq is not likely to succeed because Mossadeq has had the opportunity to eliminate elements in the Army hostile to him, and none of the Army personnel reported as currently being involved in plots against Mossadeq are believed to have the prestige or influence to obtain the necessary support from the Army.
- ii. Mob Violence: A contest in the streets between the forces supporting Mossadeq and Kashani would be bitter and destructive. The lineup of forces would depend in large part on the specific issues involved at the time the rioting broke out. If there should be a break now between Mossadeq and Kashani, we believe that Mossadeq could rally greater forces than Kashani. The lineup would probably be as follows:
 - (a) Mossadeq: the bulk of the National Front rank and file in the cities; Dr. Baghai's Iranian Workers' Party with their organized

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street fighting forces; the Sonka (Fascist) Party, provided the Tudeh supported Kashani; the Pan Iranian Party; and the Army and part of the Police force, providing they were given specific and direct orders.

- (b) Kashani: his followers in the National Front; the Bazaar mobs and the bands organized by his son; the Fedayan terrorist organization of Moslem extremists; the Tudeh and its various subsidiaries; and possibly some support from the tribes if the Army sided with Mossadeq.

iii. Assassination: Assassination of Mossadeq would probably result in the accession to power of Kashani. (Note: Kashani would probably also come to power if Mossadeq should retire or die a natural death.)

- b. Constitutional means: An attempt may be made to overthrow Mossadeq after the Majlis reconvenes on 9 October. It appears unlikely that Kashani could persuade the Majlis to vote to oust Mossadeq in view

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of the absence of any issue which could serve as a basis for attacking Mossadeq, the resources at Mossadeq's disposal for controlling the deliberations of the Majlis and Mossadeq's record as champion of nationalist aspirations.

CONSEQUENCES OF THE ASSUMPTION OF POWER BY KASHANI

8. If Kashani were to come to power, the consequences would depend upon the circumstances of the take-over and upon the group or groups supporting him at that time. Kashani might come to power by:

- a. A vote of the Majlis unseating Mossadeq.
- b. Assuming control over another National Front regime if Mossadeq were removed from the political scene.
- c. A deal with the Tudeh Party by which Tudeh was given representation in the government.
- d. A coalition with various disgruntled Army leaders and conservative elements.

If Kashani should come to power, the probable net result in Iran would be a situation worse for Western interests than the current one. The regime would be more difficult than the present one to deal with on the oil dispute and more resistant to all Western

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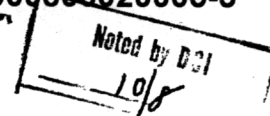
influence. The effectiveness of the government and the security forces would decline, as would the economic situation. There is no assurance that the regime would not be overthrown by Mossadeq, by internal dissension, or by a military coup, with trend changes we cannot presently predict. However, the probable ultimate consequence of a Keshani regime would be the progressive general deterioration of Iran possibly leading to the eventual assumption of power by the Tudeh.

- 9 -

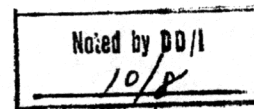
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CA- 3.3236



7 October 1952



MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: SE-33: Prospects for Survival of Mossadeq Regime in Iran

BACKGROUND

1. This estimate, requested by the NSC Senior Staff, was initiated on 2 October on a crash basis. It focuses primarily on the possible replacement of Mossadeq by Kashani - admittedly only one aspect of the Iranian situation insofar as it affects US security interests. The agency representatives concur that SE-33 cannot be considered an adequate substitute for a full-scale NIE on Iran.

SUBSTANCE

2. G-2 reserved the right to raise at the IAC meeting its belief that paragraph 6, Consequences of the Assumption of Power by Kashani, was beyond the scope of this paper -- particularly in view of the estimate that Kashani was not likely to seek to overthrow Mossadeq and was not likely to succeed if he did make such an attempt.

From the nature of requests for this estimate I feel that the subject of this paragraph is the one upon which our consumers most desire our best thought.

3. As far as we have been able to ascertain, no objections will be raised to the present text in the IAC meeting.

25X1A



SHERMAN KENT
Assistant Director
National Estimates

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CENTRAL INTELLIGENCE AGENCY
BOARD OF NATIONAL ESTIMATES

7 October 1952

MEMORANDUM FOR THE INTELLIGENCE ADVISORY COMMITTEE

SUBJECT: SE-33: Prospects for Survival of Mossadeq Regime
in Iran

1. The attached draft estimate has been approved by the Board of National Estimates pursuant to a consideration of it by the IAC representatives.

2. This estimate has been placed on the agenda of the IAC meeting scheduled for 10:30 Wednesday, 8 October.

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Executive Secretary

Distribution "A"

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Approved For Release 1999/09/27 : CIA-RDP79S01011A000800020006-4

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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

7 October 1952

**SUBJECT: SE-33: PROSPECTS FOR SURVIVAL OF MOSSADEQ
REGIME IN IRAN**

ESTIMATE

THE OIL ISSUE

1. An early settlement of the oil dispute with the UK is unlikely. Political forces which Mossadeq himself encouraged in the past now require him to insist upon greater concessions than the British have given any indication of finding acceptable. On the other hand, Mossadeq's prestige would be greatly enhanced if he succeeded in effecting the sale of oil despite the British boycott. It is possible that he will effect such sale, to non-Soviet countries, in significant quantities.

THE ECONOMIC SITUATION

2. The loss of oil revenues has not seriously damaged the Iranian economy, primarily because of an excellent harvest, although there have been some price increases, curtailment of urban business

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activities, and reduction of imports. However, the financial position of the government has been seriously affected. Unless the government restores revenues from the sale of oil, substantial budgetary cuts and/or extensive internal borrowing and further currency expansion are inevitable.

BALANCE OF POLITICAL POWER

3. a. Recent events have produced far-reaching changes in the traditional political balances of power in Iran. As a practical matter, the Shah has almost completely lost his capability for independent action, but is a useful tool for Mossadeq, should need arise. The formerly dominant landowning class has also lost political initiative. The Army, if given effective direction, is probably capable of coping with any type of domestic disturbance presently foreseeable. We do not believe that its effectiveness has been materially reduced by Mossadeq's changes in the high command. Mossadeq's popular prestige makes him still the dominant political force in Iran.

- b. A major threat to Mossadeq's continued control over the heterogeneous National Front arises from the

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activities of Mallah Kashani, ambitious Moslem leader. Kashani's extreme intransigence on the oil issue and his uncompromising demands for the termination of all foreign interference in Iran severely limits Mossadeq's freedom of action. He has successfully separated many National Front politicians from Mossadeq. Although Kashani has expressed optimism publicly with respect to his ability to control Tudeh, he is basically opposed to their aims, probably can weigh with shrewdness and accuracy the potential value and danger to him of Tudeh support, and is not likely under present conditions to seek their help.

- c. While the Tudeh Party has become stronger in recent months, it is almost certainly incapable by itself of overthrowing the government by force or subversion at present. Although the Tudeh Party has an organization, has partially infiltrated government organizations (strongest in Communications), has a significant degree of favorable public opinion, and has the cooperation of the USSR, it still lacks

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the power in the Majlis and control of the key Cabinet positions which would be necessary to take over the government by constitutional means. The Tudeh Party will, however, probably support Kashani in the belief that if Kashani were in power its opportunities for taking over the country would be improved.

LIKELIHOOD OF AN ATTEMPT TO OVERTHROW MOSSADEQ

4. Since Mossadeq's return to power in July 1952 there have been continuous reports of plots to overthrow him. Kashani and Army officers are frequently mentioned as leaders, but the reports conflict on matters of essential detail. It does not seem likely that Kashani will seek to replace Mossadeq so long as no clear issues of disagreement arise between them, so long as his influence on Mossadeq remains strong, and so long as Mossadeq is willing to assume responsibility. So far as a military coup is concerned, we have no evidence to indicate that any group of officers has the capability which the initiation of a successful coup would require.

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PROBABLE OUTCOME OF AN ATTEMPT TO OVERTHROW MOSSADEQ

5. In the event that an attempt is made to overthrow Mossadeq, the following means are available:

a. Violent Means:

- i. Military Coup: A military coup against Mossadeq is not likely to succeed because Mossadeq has had the opportunity to eliminate elements in the Army hostile to him, and none of the Army personnel reported as currently being involved in plots against Mossadeq are believed to have the prestige or influence to obtain the necessary support from the Army.
- ii. Mob Violence: A contest in the streets between the forces supporting Mossadeq and Kashani would be bitter and destructive. The lineup of forces would depend in large part on the specific issues involved at the time the rioting broke out. If there should be a break now between Mossadeq and Kashani, we believe that Mossadeq could rally greater forces than Kashani. The lineup would probably be as follows:

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- (a) Mossadeq: the bulk of the National Front rank and file in the cities; Dr. Baghai's Iranian Workers' Party with their organized street fighting forces; the Somka (Fascist) Party, provided the Tudeh supported Kashani; the Pan Iranian Party; and the Army and part of the Police force, providing they were given specific and direct orders.
- (b) Kashani: his followers in the National Front; the Bazaar mobs and the bands organized by his son; the Fedayan terrorist organization of Moslem extremists; the Tudeh and its various subsidiaries; and possibly some support from the tribes if the Army sided with Mossadeq.
- iii. Assassination: Assassination of Mossadeq would probably result in the accession to power of Kashani. (Note: Kashani would probably also come to power if Mossadeq should retire or die a natural death.)

- 6 -

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- b. Constitutional means: An attempt may be made to overthrow Mossadeq after the Majlis reconvenes on 9 October. It appears unlikely that Kashani could persuade the Majlis to vote to oust Mossadeq in view of the absence of any issue which could serve as a basis for attacking Mossadeq, the resources at Mossadeq's disposal for controlling the deliberations of the Majlis and Mossadeq's record as champion of nationalist aspirations.

CONSEQUENCES OF THE ASSUMPTION OF POWER BY KASHANI

6. If Kashani were to come to power, the consequences would depend upon the circumstances of the take-over and upon the group or groups supporting him at that time. The types of regimes which might evolve would include:

- a. Kashani might come to power by a vote of the Majlis unseating Mossadeq. However, Mossadeq in opposition would possess much of the strength which enabled him to regain power in July 1952, and his return to office would not be unlikely.
- b. Kashani might be able to assume control over another National Front regime if Mossadeq were removed from

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the political scene. In that event, such a regime would be more difficult than the present one to deal with on the oil dispute and more resistant to Western influence. The effectiveness of the government and security forces would gradually decline, as would the economic situation. These developments would probably result in the eventual assumption of power by the Tudeh Party.

- c. Kashani might come to power following a deal with the Tudeh Party by which Tudeh was given representation in the government. Such an eventuality would present favorable opportunities either for the gradual assumption of power by the Communists or for the take-over of the government by conservative and/or Army leaders.
- d. Kashani might come to power by forming a coalition with various disgruntled Army leaders and conservative elements. We believe this is the least likely way for Kashani to come to power and that such a coalition would almost certainly not survive.

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CENTRAL INTELLIGENCE AGENCY
BOARD OF NATIONAL ESTIMATES

4 October 1952

MEMORANDUM FOR: Mr. Allan Evans (OIR)
Colonel Gerald F. Lillard, USA (G-2)
Captain Ray Malpass, USN (ONI)
Colonel Jack E. Thomas, USAF (AFOIN-2A)
Captain Charles M. Heberton, USN (JIG)

SUBJECT : SE-33: Prospects for Survival of Mossadeq
Regime in Iran

1. The attached draft estimate is forwarded for review.
2. It is requested that your representative meet with us at 2:00 Monday, 6 October, in Room 146 South Building, to discuss this draft preparatory to the special meeting of the IAC on Wednesday, 8 October.

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Executive Secretary

Distribution "B"

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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

4 October 1952

SUBJECT: SE-33: PROSPECTS FOR SURVIVAL OF MOSSADEQ REGIME
IN IRAN

THE OIL ISSUE

1. An early settlement of the oil dispute with the UK is unlikely. In view of the intense anti-British sentiment in Iran, any agreement which Mossadeq could accept would require greater concessions than the British have given any indication of offering. On the other hand, Mossadeq's prestige would be greatly enhanced if he succeeded in effecting the sale of oil despite the British boycott.

THE ECONOMIC SITUATION

2. The loss of oil revenues has not seriously damaged the Iranian economy, although there have been some price increases, curtailment of urban business activities, and reduction of imports. However, the financial position of the government has been seriously affected. Unless the government restores revenues from the sale of oil,

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substantial budgetary cuts and/or extensive borrowing and currency expansion are inevitable, with increasingly severe political and economic effects.

BALANCE OF POLITICAL POWER

3. a. Recent events have produced far-reaching changes in the traditional political balances of power in Iran. The Shah has less capability for independent action. The formerly dominant landowning class has also lost political initiative. The Army probably is capable of coping with any domestic disturbances, but it has been demoralized by Mossadeq's policy toward it and no longer has a clear allegiance. The National Front under Mossadeq has thus become the dominant political force in Iran.
- b. The principal threat to Mossadeq's continued control over the heterogeneous National Front arises from the activities of Mullah Kashani, fanatical Moslem leader. His agitation among peasants for agrarian and social reform is creating unrest which Mossadeq may be unable to control. His extreme intransigence on the oil issue

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and uncompromising demands for the expulsion of all Western influence and interests from Iran adds to Mossadeq's difficulties. Kashani has also shown a tendency to seek Tudeh support.

- c. While the Tudeh Party has become stronger in recent months, it is almost certainly incapable by itself of overthrowing the government by force or subversion. It will, however, probably support Kashani in the belief that if Kashani were in power its opportunities for taking over the country would be improved.

RUMORS OF COUP

4. There are numerous reports that Mossadeq is losing support and that various groups are plotting his overthrow. Almost all these reports mention Kashani as a participant in these plots, but they disagree as to: whether Kashani is to be the leader or the tool of such an attempt; the relationship between Kashani and the Tudeh; the extent of Kashani's support within the National Front; and the position of the Army and the Shah. One report even suggests that Mossadeq and Kashani themselves are circulating rumors of a coup or a break between them in order to frighten the US and UK into yielding on the oil dispute.

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LIKELIHOOD OF A COUP

5. We do not believe there is sufficient evidence to estimate the likelihood of an attempt against Mossadeq, the composition and intentions of the group or groups which might make such an attempt, or the means they might employ.

PROBABLE OUTCOME OF A COUP IF ATTEMPTED

6. We estimate, however, that Mossadeq, if he escapes assassination, can probably resist all efforts to overthrow him. Anti-Mossadeq forces can choose from among the following methods of seizing power:

- a. Constitutional means: An attempt may be made to overthrow Mossadeq when the Majlis reconvenes on 9 October. It appears unlikely that Kashani could persuade the Majlis to vote to oust Mossadeq in view of the absence of any issue which could serve as a basis for attacking Mossadeq, the resources at Mossadeq's disposal for controlling the deliberations of the Majlis and Mossadeq's record as champion of nationalist aspirations.
- b. Military Coup: A military coup against Mossadeq is not likely to succeed because Mossadeq has had the

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opportunity to eliminate elements in the Army hostile to him, and none of the Army personnel reported as currently being involved in plots against Mossadeq are believed to have the prestige or influence to obtain the necessary support from the Army.

- c. Mob Violence: A contest in the streets between the forces supporting Mossadeq and Kashani would be bitter and destructive. The lineup of forces would depend in large part on the specific issues involved at the time the rioting broke out. If there is a break between Mossadeq and Kashani, we believe that Mossadeq could rally greater forces than Kashani. The lineup would probably be as follows:

1. Mossadeq: the bulk of the National Front rank and file in the cities; Dr. Baghai's Iranian Workers' Party with its organized street fighting forces; the Somka (pro-Nazi) Party, providing the Tudeh supported Kashani; and the Army and part of the Police force, providing they were given specific and direct orders.

- 5 -

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2. Kashani: his followers in the National Front; the Bazaar mobs and the bands organized by his son; the Fedayan terrorist organization of Moslem extremists; the Tudeh and its various subsidiaries; and possibly some support from the tribes if the Army sided with Mossadeq.
- d. Assassination: Assassination of Mossadeq would probably result in the accession to power of Kashani.

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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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SECRET [redacted]

25X1

COUNTRY Iran
SUBJECT Mossadeq's Version of His Conflict with the Shah

REPORT NO. [redacted]
DATE DISTR. 7 April 1953

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DATE OF INFO. [redacted]
PLACE ACQUIRED [redacted]

NO. OF PAGES 2
REQUIREMENT NO [redacted]
REFERENCES

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25X1 [redacted] 25X1
[redacted]

1. The following is a paraphrase of Prime Minister Mossadeq's explanation to his Council of Ministers regarding his conflict with the Shah:

25X1 a. "After Razmara was killed [redacted] the Shah made a number of representations [redacted] for the purpose of obtaining [redacted] the Anglo-Iranian Oil Agreement. [redacted] efforts at this early stage, the British, with the aid of the Shah, would surely have had their way. Later, when the Council of Ministers [redacted] decided to close all British consulates, Ambassador Sir Francis Shepherd called and demanded [redacted] When he became aware of the fact [redacted] no intention of submitting to his demand that the decree for closure be rescinded, he took his case to the Shah. Once more the Shah attempted to interfere in political matters to the detriment of his own country [redacted] became [redacted] by such interference. As time went on, it became obvious [redacted] the Shah was doing his best to undermine my Government. [redacted] the Ministry of National Defense for purposes of controlling the Security Forces. As you know, the Shah refused [redacted] 25X1
[redacted] At that time a bill was introduced in the Majlis to transfer the authority of Commander-in-Chief from the Shah to the Minister of Defense [redacted] opposed this bill as you know. [redacted] been against the Shah then, [redacted] opposed such a bill? Of course not. [redacted] then went to the Shah and asked him his preference for Chief of Staff. He requested that [redacted] Mahmud Baharmast as Chief of Staff and also place Alavi (fnu) [redacted] in a responsible post. Both were made members of the Security Council, and were loyal to the Shah. 25X1

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- b. With this background in mind we come to the more recent activities of the Court against the Government: the activities of certain military leaders, the Bakhtiari affair,² the Iraqi Frontier trouble, and the contemplated return to Iran of Princess Ashraf and the Queen Mother. To prevent further intrigue by the Court [redacted] Majlis Deputies Zolfaghari and Mir-Ashrafi (no Government man), and Seyyed Ibrahim Milani³ to protest these activities. [redacted] to see the Shah, who denied all. [redacted] seven more deputies (whom you all know) to the Shah with the message that either he cooperate [redacted] 100 percent or be faced [redacted] resignation. The reply was, "Don't resign, I'll leave the country."
- c. Thus the stage was set. [redacted] believing that the Shah actually was going to leave, arranged for his foreign exchange needs, passports, etc. Then, on Friday evening (27 February 1953) [redacted] Mullah Behbehani and Shams al Din Qanatabadi were planning a huge demonstration at the Palace for the next day. Saturday morning [redacted] Baharmast to deploy Security Forces throughout the city so as to avoid any trouble when the Shah was leaving. [redacted] to take every measure to insure order in the city. By 1100 hours there were no signs of the Shah's departure [redacted] that the Chief of Staff and Military Governor had not carried [redacted] orders [redacted] suspicious (particularly when Behbehani and others called and asked [redacted] prevent the Shah's departure) and went to see the Shah.³ By that time crowds were gathering around the Palace shouting pro-Shah slogans [redacted] You all know what happened after that. Thus, you see that this was a well-executed plan by the opposition to attempt to build a basis of popular strength on which to challenge [redacted] This is the kind of Shah [redacted] But no more. He and his friends are finished [redacted] Government is in control of the situation.

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Comments

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4. According to a 6 April 1953 United Press dispatch, Mossadeq in a nationwide broadcast accused the Shah of plotting to kill him and demanded that the Shah give up his ruling powers.

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[redacted]

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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY	Iran	REPORT NO.		25X1
SUBJECT	Statements of Prime Minister Mossadeq and His Son Concerning Iranian-American Relations	DATE DISTR.	9 April 1953	
		NO. OF PAGES	1	
25X1 DATE OF INFO.		REQUIREMENT NO.	RD	25X1
PLACE ACQUIRED		REFERENCES		

BY CABLE

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EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
APPRAISAL OF CONTENT IS TENTATIVE.
(FOR KEY SEE REVERSE)

25X1

1. Gholam Huseyn Mossadeq, son of the Iranian Prime Minister, in describing his "recent" visit to Iraq, Syria, and Lebanon, 25X1
 - "As a result of my association with high officials in Iraq, Syria, and Lebanon, I felt that:
 - a. the United States Government favors a coup d'etat in Iran. The United States has decided not to support my father any longer;
 - b. there is a possibility of a joint British-American-backed coup in Iran. The Soviets, however, would not tolerate this and a division of Iran into spheres of influence might result;
 - c. the American oil trusts, which have President Eisenhower in their hands, will not allow the United States Government to settle the oil problem on more than a fifty-fifty basis;
 - d. my prestige in the countries which I visited has increased, whereas Mullah Kashani's has declined."
2. Prime Minister Mossadeq in a private conversation that the death of Stalin had revealed the weakness of the Soviet Union to the West and had indirectly weakened Iran's position with the United States; that the Americans, knowing of the Soviet weakness, now may stand firm in their relations with Iran.

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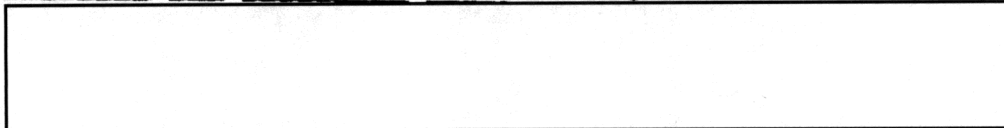
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**CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
31 January 1953**Mossadeq's new proposals offer no hope for oil settlement

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Prime Minister Mossadeq suggested to Ambassador Henderson on 29 January that if the Anglo-Iranian Oil Company presented its demands for compensation from Iran in the form of a lump sum settlement proposal, the problem might be quickly solved without reference to the International Court. The Prime Minister hoped that negotiations would continue as he was very anxious for a solution.

Mossadeq insisted, however, that Iran would only allow AIOC claims for the aboveground refinery installations, and that the Majlis would never permit the British to claim compensation for loss of future profits. He added that Iran would be willing to pay 25 percent of its "gross proceeds" from oil sales for a definite period of years, but that it could not be burdened indefinitely with an enormous debt.

These proposals depart radically from the terms of reference which have guided the Anglo-Iranian negotiations during the past month. Britain has insisted on the right to ask compensation for loss of future profits and has also opposed any lump settlement. There is no indication that the British attitude will change.

Ambassador Henderson believes Mossadeq must realize that these proposals make it impossible to secure settlement through international arbitration. He feels that Mossadeq has again demonstrated the lack of courageous leadership necessary to solve the oil issue; nevertheless, it is improbable that any successor could go further and survive. The Prime Minister may also desire to use the termination of the present conversations as a means for strengthening his internal political position.

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
17 February 1953

25X1

Mossadeq plans to announce end of oil negotiations
(TS Tehran 3184, 14 February 1953)

Prime Minister Mossadeq has informed Ambassador Henderson that he intends to tell the Majlis on 21 February that there is no longer any hope for an oil settlement with the Anglo-Iranian Oil Company. At the same time, he plans to ask the Majlis for permission to sell oil immediately to any buyer at whatever price can be obtained. He would prefer selling to the US Government or American citizens, but in view of Iranian public opinion, he has no choice but to sell to anyone, including the Orbit.

Mossadeq agreed to receive any new British proposal, but insisted it was clear to him that the British do not want a settlement. He believes they are trying to overthrow him by using the tribes, fanatical religious groups, and Communist-front organizations against whom he is prepared to take necessary countermeasures.

setting
Mossadeq may still hope to hasten American aid by settling this deadline and by suggesting the possibility of selling to the Soviet bloc. The Department of State, however, pointed out on 10 February that the tanker situation, including charter rates, was improving to the point where Mossadeq might be able to "dump" Iranian oil on the world markets.

The steady stream of offers to buy oil also encourages Mossadeq to believe that he may be able to market sufficient quantities, even without an agreement with the Anglo-Iranian Oil Company, to meet Iran's needs.

The British have been "giving urgent consideration" to new draft proposals for settling the dispute which were drawn up by the Department of State and which incorporate, insofar as possible, Mossadeq's demands. The Foreign Office has promised to reply to these proposals on 17 February. There is no indication, however, that it will go far beyond previous offers.

State Dept. review completed

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By:	

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INFORMATION ONLY

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
17 February 1953

25X1

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State Dept. review completed

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INFORMATION ONLY

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
24 FEBRUARY 1953

PRIME MINISTER MOSSADEQ'S THREAT TO RESIGN

On 20 February Prime Minister Mossadeq sent a brusque message to the Shah stating that he could no longer tolerate his unfriendly attitude and would therefore resign on 24 February. Mossadeq said he would announce publicly that he was forced to offer his resignation because of the intrigues of the Shah and the royal court. He charged that the Shah was responsible for the current tribal unrest as well as encouraging retired army officers to plot against the government.

On this same day, 20 February, Ambassador Henderson presented to Mossadeq the latest draft of the British offer to settle the oil dispute and the American offer to purchase oil when an agreement was reached. Mossadeq appeared friendly, but said he was sure that the proposals in their present form would be unacceptable to Iran. He promised to answer soon.

On 22 February Iranian Foreign Minister Fatemi announced that a decision might be delayed several days. Subsequently, press reports from Tehran predicted a rejection of the British offer and the threat of Mossadeq's resignation.

Mossadeq has recently taken several steps to reduce drastically the Shah's influence, probably to keep him from injecting himself into the situation. Mossadeq has cut off the government subsidy for the Shah's important "Imperial Organization for Social Welfare"

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and is also attempting to take from him the guardianship of the funds from the wealthy Meshed Shrine. Mossadeq has also criticized the manner in which the Shah is distributing Crown lands. Minister of Court Ala believes that Mossadeq is trying to reduce the Shah to a state of "servile dependence."

The Shah has repeatedly placated Mossadeq by making concessions. He apparently has no definite plans for action should the Prime Minister resign, and has given no indication that he has the necessary determination either to take over control or to give resolute support to any new Prime Minister named by him.

Mullah Kashani, president of the Majlis, seemed pleased when Minister of Court Ala informed him of Mossadeq's threat to resign.

Kashani appears ready to line-up with the Court but such a maneuver would deprive him of extremist support, notably Tudeh. Despite Kashani's assertion that the Majlis would support the Shah if Mossadeq were to attack him, the Prime Minister reportedly feels confident that he can handle the mullah.

A grave situation would be likely to develop if Mossadeq resigns or disappears from the scene. Kashani, the most influential figure after Mossadeq, is a venal, unreliable opportunist and a religious fanatic. The individuals currently mentioned by the Shah as possible successors to Mossadeq do not have either stature or popular support.

The armed forces, though suffering from loss of morale and possibly from some Tudeh infiltration, remain loyal to the present government. They may be expected likewise to support a legally

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instituted new government. Their loyalty might be divided, however, in a full test of strength between the Shah and any government hostile to him.

Late reports from Tehran indicate a temporary lessening of differences between the Shah and Mossadeq based on a partial capitulation by the Shah. The available evidence suggests that the present maneuvers of the Prime Minister are aimed largely at demonstrating that he is in complete control of the government before announcing the latest developments in the oil dispute.

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PD 224
23 Feb - Lion

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7 October 1952

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: SE-33: Prospects for Survival of Mossadeq Regime in Iran

BACKGROUND

1. This estimate, requested by the NSC Senior Staff, was initiated on 2 October on a crash basis. It focuses primarily on the possible replacement of Mossadeq by Kashani - admittedly only one aspect of the Iranian situation insofar as it affects US security interests. The agency representatives concur that SE-33 cannot be considered an adequate substitute for a full-scale NIE on Iran.

SUBSTANCE

2. G-2 reserved the right to raise at the IAC meeting its belief that paragraph 6, Consequences of the Assumption of Power by Kashani, was beyond the scope of this paper -- particularly in view of the estimate that Kashani was not likely to seek to overthrow Mossadeq and was not likely to succeed if he did make such an attempt.

From the nature of requests for this estimate I feel that the subject of this paragraph is the one upon which our consumers most desire our best thought.

3. As far as we have been able to ascertain, no objections will be raised to the present text in the IAC meeting.

O/NE:WOW/PAB:SK:fd

SHERMAN KENT
Assistant Director
National Estimates

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SECURITY INFORMATION

CONF NO. 1
FOR THE PRESIDENT
OF THE UNITED STATES

(2)

SPECIAL ESTIMATE

PROSPECTS FOR SURVIVAL OF MOSSADEQ REGIME IN IRAN



SE-33

14 October 1952

The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 8 October 1952.

RELEASED 29 DEC 1982

CENTRAL INTELLIGENCE AGENCY

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PROSPECTS FOR SURVIVAL OF MOSSADEQ REGIME IN IRAN¹

CONCLUSIONS

1. On the basis of available evidence we believe that the Mossadeq Government can survive at least for the next six months unless ill-health or death removes Mossadeq from the Iranian political scene.
2. If Kashani should come to power, the most probable result would be the progressive deterioration of Iran, possibly leading to the eventual assumption of power by the Tudeh.

ESTIMATE

The Oil Issue

3. An early settlement of the oil dispute with the UK is unlikely. Political forces which Mossadeq himself encouraged in the past now require him to insist upon greater concessions than the British have given any indication of finding acceptable. On the other hand, Mossadeq's prestige would be greatly enhanced if he succeeded in effecting the sale of oil despite the British boycott.

The Economic Situation

4. The loss of oil revenues has not seriously damaged the Iranian economy, primarily because of an excellent harvest, although there have been some price increases, curtailment of urban business activities, and reduction of imports. However, the financial position of the government has been seriously affected. Unless the government restores revenues from the sale of oil, substantial budgetary cuts and/or extensive internal borrowing and further currency expansion are inevitable.

¹ This estimate has been prepared in response to an urgent, specific request and is an interim estimate pending the preparation of a more comprehensive one which is under way.

Factors of Political Power

5. a. Recent events have produced far-reaching changes in the traditional factors of political power in Iran. As a practical matter, the Shah has almost completely lost his capability for independent action, but is a useful tool for Mossadeq, should need arise. The formerly dominant landowning class has also lost political initiative. The Armed Forces, if given effective direction, are probably capable of coping with any type of domestic disturbance presently foreseeable. We do not believe that their effectiveness has been materially reduced by Mossadeq's changes in the high command. Mossadeq's popular prestige makes him still the dominant political force in Iran.

b. A major threat to Mossadeq's continued control over the heterogeneous National Front arises from the activities of Mullah Kashani, ambitious Moslem leader. Kashani's extreme intransigence on the oil issue and his uncompromising demands for the termination of all foreign interference in Iran severely limit Mossadeq's freedom of action. He has successfully separated many National Front politicians from Mossadeq. Although Kashani has expressed optimism publicly with respect

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to his ability to control Tudeh, he is basically opposed to their aims, probably can weigh with shrewdness and accuracy the potential value and danger to him of Tudeh support, and is not likely under present conditions to seek their help.

c. While the Tudeh Party has become stronger in recent months, it is almost certainly incapable by itself of overthrowing the government by force or subversion at present. Although the Tudeh Party has an organization, has a significant degree of favorable public opinion, and has the cooperation of the USSR, it still lacks a legal status and the power in the Majlis and control of the key Cabinet positions which would be necessary to take over the government by constitutional means. The Tudeh Party will, however, probably support Kashani in the belief that if Kashani were in power its opportunities for taking over the country would be improved.

Likelihood of an Attempt to Overthrow Mossadeq

6. Since Mossadeq's return to power in July 1952 there have been continuous reports of plots to overthrow him. Kashani and Army officers are frequently mentioned as leaders, but the reports conflict on matters of essential detail. It does not seem likely that Kashani will seek to replace Mossadeq so long as no clear issues of disagreement arise between them, so long as his influence on Mossadeq remains strong, and so long as Mossadeq is willing to assume responsibility. So far as a military coup is concerned, we have no evidence to indicate that any group of officers has the capability which the initiation of a successful coup would require.

Probable Outcome of an Attempt to Overthrow Mossadeq

7. In the event that an attempt is made to overthrow Mossadeq, the following means are available:

a. Violent Means:

i. Military Coup: A military coup against Mossadeq is not likely to succeed because Mossadeq has had the opportunity to eliminate

elements in the Army hostile to him, and none of the Army personnel reported as currently being involved in plots against Mossadeq are believed to have the prestige or influence to obtain the necessary support from the Army.

ii. Mob Violence: A contest in the streets between the forces supporting Mossadeq and Kashani would be bitter and destructive. The lineup of forces would depend in large part on the specific issues involved at the time the rioting broke out. If there should be a break now between Mossadeq and Kashani, we believe that Mossadeq could rally greater forces than Kashani. The lineup would probably be as follows:

(a) Mossadeq: the bulk of the National Front rank and file in the cities; Dr. Baghai's Iranian Workers' Party with their organized street-fighting forces; the Somka (Fascist) Party, provided the Tudeh supported Kashani; the Pan Iranian Party; and the Army and part of the Police Force, providing they were given specific and direct orders.

(b) Kashani: his followers in the National Front; the Bazaar mobs and the bands organized by his son; the Fedayan terrorist organization of Moslem extremists; the Tudeh and its various subsidiaries; and possibly some support from the tribes if the Army sided with Mossadeq.

iii. Assassination: Assassination of Mossadeq would probably result in the accession to power of Kashani. (Note: Kashani would probably also come to power if Mossadeq should retire or die a natural death.)

b. Constitutional means: An attempt may be made to overthrow Mossadeq after the Majlis reconvenes on 9 October. It appears unlikely that Kashani could persuade the Majlis to vote to oust Mossadeq in view of the absence of any issue which could serve as a basis for attacking Mossadeq, the resources at Mossadeq's disposal for controlling the deliberations of the Majlis and Mossadeq's record as champion of nationalist aspirations. Moreover, Mossadeq in opposition would possess much of the strength which enabled him to regain power in July 1952, and his return to office would not be unlikely.

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Consequences of the Assumption of Power by Kashani

8. If Kashani were to come to power, the consequences would depend upon the circumstances of the take-over and upon the group or groups supporting him at that time. Kashani might come to power by:

- a. A vote of the Majlis unseating Mossadeq.
- b. Assuming control over another National Front regime if Mossadeq were removed from the political scene.
- c. A deal with the Tudeh Party by which Tudeh was given representation in the government.
- d. A coalition with various disgruntled Army leaders and conservative elements.

If Kashani should come to power, the probable net result in Iran would be a situation worse for Western interests than the current one. The regime would be more difficult than the present one to deal with on the oil dispute and more resistant to all Western influence. The effectiveness of the government and the security forces would decline, as would the economic situation. There is no assurance that the regime would not be overthrown by Mossadeq, by internal dissension, or by a military coup, with trend changes we cannot presently predict. However, the probable ultimate consequence of a Kashani regime would be the progressive general deterioration of Iran possibly leading to the eventual assumption of power by the Tudeh.

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1-0495

TAB C. EXAMPLE OF SOVIET PROPAGANDA ALLEGING THE PAYMENT OF CIA MONEY
FOR THE 1953 COUP IN IRAN

Tully says in Chapter 7 that "more than 10 million of CIA's
dollars were paid for the 1953 coup in Iran." The attached
responds to the request for an example of such a statement
in Soviet propaganda.

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Approved for Release
Date OCT 1992

ATTCH TO
1-0495

Following is an extract from the Soviet pamphlet CAUGHT IN THE ACT--
Facts About U.S. Espionage and Subversion Against the USSR, published
by Soviet Information Bureau, Moscow, 1960, page 131:

CIA agents played a big role in the overthrow of the
Mossadegh government in Iran.

The CIA leaders were so happy over the success of the
military coup d'etat in Iran that they allowed some
information about the role of the American secret
service in this event to leak into newspapers. As
the American Saturday Evening Post wrote in its issue
of November 6, 1954, the U.S. intelligence centre in
charge of the plot against Mossadegh was in Switzer-
land. Shortly before the overthrow, the centre was
visited by Allen Dulles, allegedly on his vacation,
who was later joined by Loy Henderson, U. S. Ambassador
to Iran, and some people from among the Shah's entourage.
When before the overthrow the Iranian Shah left his
country, he stayed in Rome so as to be nearer to the
headquarters of the conspiracy. In Teheran, the
preparations were supervised by General Norman
Schwarzkopf who had been an American adviser to the
Iranian Government for some time. According to the
American press, the CIA spent some 19 million dollars
to bribe the officers who were to perpetrate the plot.

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SECURITY INFORMATION

#2

CENTRAL INTELLIGENCE AGENCY

24 August 1953

SUBJECT: FE-49: THE CURRENT OUTLOOK IN IRAN

THE PROBLEM

To estimate the current situation and the short-term outlook
in Iran.

ESTIMATE

1. On the basis of present indications, we believe that the new government of Iran will consolidate its control over the country. However, the alignment of forces in the present crisis and the character of the new government are not yet clear enough to permit a firm estimate of future developments.

2. The security forces appear to be responding to the appeal of the Shah's authority and the will of the crowd, and the relatively few confirmed pro-Moshadeh men within the top command have thus far either accepted the change or been removed. (Before complete control of the army can be assured, however, it will be necessary to examine

Approved for Release
Date 6 February 1996

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the loyalty of key military personnel and possibly to undertake a wide-spread reshuffling of key military assignments.) Mossadeq himself has surrendered, and the relatively small organized groups which were loyal to him to the end are not at present in a position to stir up serious resistance. The tribes, many of which appear to have backed the Shah against Mossadeq, have thus far remained quiet except for minor action by the Qashgai.

3. The new pro-Shah government will probably enjoy a wide degree of support, at least initially. Despite the enormous popularity and prestige which Mossadeq won through his achievement of oil nationalization, he failed to develop a large organized body of loyal followers. As time went on he clashed with and lost the support of most of the important political figures in Iran, including Kashani and other leading members of the original National Front. His popular appeal also weakened, in part because of his failure to solve the oil question, but more because of his increasingly violent attacks on the Shah, his dictatorial actions, and his open collaboration with Tudeh. He was able to survive mainly because of his control of the machinery of government, his own indomitable personality, and Tudeh's assistance. At the end the mob played an important and possibly critical role in his downfall. Although many Iranians will regret the downfall of Mossadeq and will thus provide a source of future opposition to the

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new regime, most of this group will probably acquiesce at least temporarily in the change.

4. The new government will be opposed by the Communist Tudeh Party, whose support of Mossadeq in recent months was motivated in large part by the desire to prevent the "counter-revolutionary" forces around the Shah from regaining the ascendancy. Although Tudeh is capable of creating serious local disorders, it is not now capable of effectively battling the security forces, which will almost certainly take strong action against it. Moreover, as the new government strengthens its control over the armed forces, this Tudeh capability will progressively decrease. In addition, the resurgence of anti-Communist, pro-Shah sentiment in the last few days has caused Tudeh to lose a great deal of the popular support it manifested in recent months. We consider direct Soviet military intervention in support of Tudeh to be extremely unlikely.

5. In consolidating its control, the new regime will have the difficult task of establishing and maintaining working arrangements with the various elements which agitated for Mossadeq's downfall. Although General Zahedi will probably seek to be a strong premier, his early announcements have laid great stress on the re-establishment of constitutional government under the Shah. In any event, he will have to work out compromises on patronage and policy among such

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divergent elements as the military leadership, violent and unreliable ultranationalists like Khashani and Baghai, and old guard conservative landowners. Moreover, the Shah has never backed any of his previous prime ministers consistently, and Zahedi may have difficulty in retaining his active support.

6. Iran's over-all economic situation, though depressed, is not immediately critical. However, the financial condition of the government is precarious. While the new government could continue to meet its current financial deficits by the printing of additional currency and by other devices used by Mossadeq, the use of such methods was one of the reasons for the decline in confidence in the Mossadeq regime. Moreover, the Shah's statement of 23 August, in which he announced Iran's bankruptcy and condemned Mossadeq's unorthodox financial practices, highlights Iran's financial problems and makes it even more difficult for the regime to use Mossadeq's methods to meet its financial difficulties. The new regime is likely to face general disillusionment and a possible serious loss of support if it fails within the next few weeks to come forward with proposals which give promise of a substantial improvement in the financial position of the government.

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7. Zahedi, in attempting to formulate policy, will certainly be affected by the considerations noted in the preceding paragraphs. In addition, he will seek to avoid suspicion that he is betraying Iranian nationalism and guard himself against accusations that he is a puppet of foreign interests. In general, however, the government will probably operate along the following lines:

- a. The pro-Shah government clearly expects an easing of the US attitude toward Iran now that Mossadeq has been deposed. It appears to be on the verge of following up the Shah's statement of 23 August with a specific appeal for emergency US aid in meeting the financial difficulties which now confront it, and will probably seek additional US developmental aid as well. Although it will wish to avoid the appearance of subservience to the US and would probably refuse any defense commitment, it may also seek additional military aid. It almost certainly expects US cooperation and assistance in solution of its oil problem.
- b. It will almost certainly seek a resolution of the oil dispute and be easier than Mossadeq to deal with.

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However, both on grounds of principle and for fear of ultranationalist objection, it will probably refuse to accept the settlement terms advanced by the British last spring and will almost certainly reject any restoration of British control over oil operations within Iran.

- c. It will probably maintain a vigorous anti-Communist attitude at home, and while anxious to clear up outstanding differences with the USSR, is unlikely to make major concessions to do so.

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NATIONAL INTELLIGENCE ESTIMATE

PROBABLE DEVELOPMENTS IN IRAN THROUGH 1954



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NIE-102

(Supersedes NIE-75/1)

Approved 10 November 1953

Published 16 November 1953

The Intelligence Advisory Committee concurred in this estimate on 10 November 1953. The FBI abstained, the subject being outside of its jurisdiction.

The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff.

20-21-23-R-
 22-1A3/12m
 24-G-Murphy
 25-C-MacArthur
 26-SIPB
 27-E & R-MacLeod
 28-NEA-Ryan
 29-E-Murphy
 30-USA (Chen)
 31-Tehran
 32-London
 33-Moscow
 34-The Hague
 35-1A3/CB
 36-UNA-Sand
 37-SIMS

CENTRAL INTELLIGENCE AGENCY

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 Date 9 SEP 1997

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PROBABLE DEVELOPMENTS IN IRAN THROUGH 1954

THE PROBLEM

To estimate probable developments in Iran through 1954.

CONCLUSIONS

1. Relatively moderate governments are likely to continue in Iran through 1954, although hampered by: (a) the indecision of the Shah; (b) the irresponsibility of the diverse elements making up the Iranian political community; and (c) the unruliness of the Majlis. The chances that Zahedi himself will remain prime minister through 1954 are not good.
2. Few significant steps toward the solution of Iran's basic social, economic, and political problems are likely to be taken during the period of this estimate. The effectiveness of the government will largely be determined by its success in dealing with Iran's immediate fiscal and monetary problems and in making some apparent progress towards settlement of the oil dispute. An early and satisfactory oil settlement is unlikely. Without further outside financial aid, an Iranian government probably would manage to cope with its immediate fiscal and monetary problems by resorting to deficit financing and other "unorthodox" means. Under such circumstances, it would encounter — and with difficulty probably keep in check — mounting pressures from extremist groups.
3. The security forces, which are loyal to the Shah, are considered capable of taking prompt and successful action to suppress internal disorders and recurrent rioting if provided timely political leadership. This capability will continue if, during the period of this estimate: (a) security forces receive adequate financial support; (b) differences between the Shah and top level leaders over control of the security forces are not seriously aggravated; and (c) strong public opposition to the regime does not develop.
4. Tudeh's capabilities do not constitute a serious present threat to the Iranian Government, and the Tudeh Party will probably be unable to gain control of the country during 1954, even if it combines with other extremist groups. It will retain a capability for acts of sabotage and terrorism.
5. Iran will attempt to maintain friendly relations with the USSR, but will almost certainly resist any Soviet efforts to increase its influence in Iran's internal affairs.
6. Failure to receive continued financial aid from the US or an acceptable oil settlement will probably result in a government coming to power which will be less friendly to the US than the present one.

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DISCUSSION

I. PRESENT SITUATION
Political and Military

7. The overthrow of the Mossadeq government on 19 August 1953 checked the drift in Iran toward Communism and isolation from the West. The authority of the Shah has been reasserted, and a moderate government under General Zahedi is in power. This government is committed to maintaining the constitutional position of the monarchy and the parliament, suppressing the Communist Tudeh Party, and launching an economic development program predicated on settlement of the oil dispute. The accession of Zahedi to power has eliminated neither the economic and social problems which have long plagued Iran, nor the weaknesses and inadequacies of the Iranian political system.

8. The armed forces are loyal to the Shah, who has taken prompt action to re-establish himself as commander-in-chief in fact as well as in theory. The morale of the security forces has improved, and they can be expected to respond promptly in support of the government if given timely political leadership.

9. Increasing friction and uncertainty are developing within the Imperial General Staff because of the Shah's tendency to by-pass Zahedi on military matters and because of mutual efforts of Zahedi and Chief of Staff Batmangelich to undermine each other and place their own men in key positions. Although political maneuvering to this degree is unusual, even in the Iranian high command, there is no evidence that it has as yet impaired the effectiveness of the security forces.

10. The Zahedi government has taken vigorous action against the Tudeh Party. The party's organization has been at least temporarily disrupted, and many of its most active members have been arrested. Most of the known Tudeh members and sympathizers who had infiltrated government agencies have been purged. The Tudeh Party has also lost much of its popular support. Its immediate capabilities for exerting pressure on the gov-

ernment are limited, even if current efforts to obtain the cooperation of die-hard nationalist and extremist groups are successful. Tudeh retains, however, a capability for acts of sabotage and terrorism.

11. Outside the security field, the Zahedi government has made little progress. The Majlis has lacked a quorum since the withdrawal of pro-Mossadeq members in the summer of 1953. Hence the government is presently unable to obtain legislation needed to carry out its announced program. Moreover, the regime has reached no firm decision on how and when to reconstitute a functioning legislature. Although the Shah and Zahedi agree on the necessity of holding elections, they apparently fear that new elections may cause a resurgence of extremist sentiment, are uncertain how to insure the election of a manageable Majlis, and have not yet definitely scheduled the holding of elections.

12. Meanwhile, the government has done little to strengthen its political position in preparation for new elections. Zahedi has enlisted few if any real allies among the politicians formerly associated in opposition to Mossadeq. The present cabinet is dominated by members of the old ruling class, many of whom have little genuine sympathy for reform, command little political support, or are suspect because of former identification with the British. Zahedi himself has had little success in convincing the public that he will not compromise the basic objectives of the National Front, especially with respect to oil nationalization. Finally, the strength and standing of the Zahedi government is being impaired by friction between Zahedi and the Shah.

13. These developments have hastened the breakup of the loose array of politicians aligned against Mossadeq and have encouraged an early revival of factionalism and intrigue. Public criticism of the government and preliminary maneuvering to undermine Zahedi are already beginning to emerge. Nationalist and extremist elements are most active in these respects. However, National

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Front leaders who supported Mossadeq until the end are still publicly discredited, and open opposition to the government in other quarters is not united. The government's strained relations with the Qashqai tribes, which have been traditionally hostile to the present dynasty and were closely associated with Mossadeq, are under present circumstances an irritant rather than a major threat.

Economic

14. The Zahedi government faces serious budgetary and monetary problems. Mossadeq's oil policy resulted in reduction of public revenues by about a third, and he was able to meet government operating expenses and keep the oil workers paid only by curtailing the development program, reducing the level of imports, depleting the government's financial reserves, and illegally expanding the currency. Zahedi has thus been left with a depleted treasury and a sizeable operating deficit. The emergency grant of \$45 million extended by the US soon after Zahedi took office will enable him to meet current operating expenses until about February or March of 1954, provided that the government takes effective steps to cope with its conversion problem.

15. Zahedi will also have to contend with economic dissatisfactions engendered or aggravated by Mossadeq's economic policies. Because of a series of good crops and the government's success in maintaining essential imports, the predominant rural sector of the Iranian economy has suffered little from the shutdown of the oil industry, and serious economic difficulties have not emerged elsewhere. To some extent, essential goods are being obtained by barter trade with the USSR. On the other hand, foreign exchange for essential imports from other countries has been maintained through a ban on the import of luxury and semi-luxury goods. Politically active upper class groups resent this ban and almost certainly will seek to have it lifted. The urban middle and lower classes have been disappointed by a situation in which the prospect for economic and social improvements has become more remote and in which their already low level of living has gradually deteriorated.

16. The Zahedi government clearly recognizes the importance of settling the oil dispute and getting the Iranian oil industry back into operation. It has indicated that it considers Mossadeq's attitude toward oil negotiations to have been arbitrary and unrealistic, and has already made some halting efforts to prepare Iranian public opinion for a settlement which might involve some retreat from Mossadeq's demands. The obstacles to solution of the oil problem nevertheless remain great, mainly because the Iranians hope for greater control over oil operations and higher financial returns than are likely to be acceptable to the international oil industry.

Foreign Affairs

17. The Shah and Zahedi are cooperating with the US and have indicated their desire to improve relations with the UK. Although the new government has signed the barter agreement with the USSR which was under negotiation at the time of Mossadeq's downfall, it has at least for the present discontinued Mossadeq's policy of attempting to play the USSR off against the West.

18. The government's interest in cooperating with the US and its receptiveness to US advice are due in large measure to its current dependence on US financial aid, and probably also to a belief that Communism is the overriding threat to Iran's independence. The government's good standing with the US, as demonstrated by its receipt of emergency budgetary aid, is at present one of its main political assets within Iran. Anti-US agitation has died down except for spasmodic efforts on the part of Tudeh.

19. The new government is conscious of the need for British agreement in the revival of Iran's oil industry. However, basic suspicions of British intentions remain widespread. The government is still reluctant to resume formal diplomatic relations with the UK before there is tangible progress toward an oil settlement.

II. PROBABLE DEVELOPMENTS

20. Few significant steps toward the solution of Iran's basic social, economic, and political problems are likely to be taken during the

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period of this estimate. The effectiveness of the government will largely be determined by its success in dealing with Iran's immediate fiscal and monetary problems and in making some apparent progress towards settlement of the oil dispute. We believe that relatively moderate governments are likely to continue through 1954. Without further outside financial aid, an Iranian government probably would manage to cope with its immediate fiscal and monetary problems by resorting to deficit financing and other "unorthodox" measures. Under such circumstances, it would encounter — and with difficulty probably hold in check — mounting pressures from extremist groups.

21. If the Shah were assassinated, a confused situation might arise. The succession to the throne is not clearly established, and disorders attending his death might permit extremist groups, with or without Tudeh Party collaboration, to gain power.

Economic

22. The Shah and the Zahedi regime are likely to be more reasonable than Mossadeq in their approach to the oil problem, but an early and satisfactory solution is not likely. The following generalizations can be made:

a. The oil issue is still politically explosive in Iran and will be an issue in the electoral campaign. The Zahedi regime will probably not wish to reach a formal oil agreement with the British before the completion of the elections, which usually take several months. In any case no Iranian regime could survive if it appeared to be compromising the provisions of the oil nationalization law or retreating far from Mossadeq's basic demands. Once a Majlis is reconstituted, it can probably be brought to ratify an agreement which does not appreciably violate these conditions, but only after vigorous political pressure and public propaganda by the government.

b. Although there appears to be general agreement that the marketing of Iranian oil will have to be undertaken by a combination of Western firms rather than by the Anglo-Iranian Oil Company alone, a multiplicity of complicated legal, commercial, and technical

problems must be worked out before a definite proposal can be made to Iran. Even if an oil agreement is reached and ratified, Iran will not reap sizeable financial benefits at once, unless through some form of advance against future oil deliveries.

23. It therefore appears that sometime during 1954 Iran will encounter difficulties in meeting its budgetary expenses. After the present US emergency grant is exhausted, the Iranian Government will either require additional outside financial assistance or will be forced to seek Majlis authorization for a resumption of deficit financing of the sort that Mossadeq engaged in illegally. The Majlis would probably grant such authorization, but with great reluctance, and only if there appeared to be no hope of timely outside aid. Moreover, this course would in the long run probably result in a progressive weakening of Iran's financial stability. Exports will probably continue to pay for essential imports, and barring serious crop failure, general economic activity is expected to continue at approximately the present level. If there is an oil settlement, barter trade with the USSR is not expected to reach significant proportions. However, in the absence of such a settlement or continued grants of financial aid, Iran will be forced to depend heavily upon USSR barter trade for essential items.

Political

24. Although Zahedi faces no immediate challenge, the chances that his government will survive through 1954 are not good. Basic conflicts continue within and between the traditional governing groups, who are eager to regain the position of privilege they held before Mossadeq, and the urban middle and lower classes, who are demanding economic and social reforms and greater participation in government. These conflicts could flare out into the open at any time, particularly during proposed elections or over such issues as the disposition of Mossadeq or the oil dispute.

25. Mossadeq remains a problem for the regime. So long as he remains alive, he will be a potential leader for extremist opposition

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to the regime. On the other hand, if Mossadeq were executed in the near future the resultant disturbances would be serious but could probably be suppressed.

26. The necessity of reconstituting the Majlis poses a serious problem for the Zahedi government. The new regime is firmly committed to a return to parliamentary government and appears unwilling to face the consequences of deliberately postponing elections. It is likely that elections will be held within the period of this estimate. However, political instability is likely to be increased by the electoral campaign and by the nature of the Majlis likely to be elected. Once the electoral campaign begins, political groups now maneuvering covertly for position will come out in the open, with increasing danger that popular emotions will again become aroused and lead to mob violence.

27. The new Majlis will almost certainly be a heterogeneous body including representatives of the traditional governing groups, tribal leaders, former Mossadeq supporters, and ardent nationalists like Mullah Kashani and Mozafar Baghai. Many members will be little interested in stable government or will be basically unsympathetic to the government's reform program. Others will suspect Zahedi of too close association with the traditional governing groups and will oppose settlement of the oil dispute and rapprochement with the British. From these disunited groups, representing a variety of conflicting interests, Zahedi must put together majorities for controversial fiscal and monetary legislation and such politically explosive measures as those relating to an oil settlement.

28. These difficulties Zahedi will be able to surmount only so long as he has the firm backing of the Shah, who has once again become a key factor in Iranian politics. The Shah apparently feels that his restoration to power is due to his high personal popularity with the Iranian people, and he appears determined to assert his authority. There are indications, however, that he is still unwilling to give strong backing to any prime minister, and at the same time is not willing to assume the role of dictator himself. His latent jeal-

ousy of Zahedi, his attempts to appoint court favorites to key government posts, and his by-passing of Zahedi in exercising his command of the armed forces might at any time lead to a situation in which Zahedi would become ineffective. If strong opposition to Zahedi develops in the Majlis, the Shah will probably jettison Zahedi and appoint a new cabinet, thus in effect returning to the chronic governmental ineffectiveness and instability of the pre-Mossadeq era.

29. The Shah would probably be successful in replacing the Zahedi government with another relatively moderate one. However, if foreign aid is substantially reduced and there is no oil settlement or reasonable prospect of one, moderate governments would encounter greater popular opposition. The Shah would then be faced with the alternatives of ruling by increasingly authoritarian means or making greater concessions to extremist elements. If additional US financial assistance is not forthcoming when the current grant is exhausted in the spring of 1954, and if at that time Iranian public opinion were already greatly aroused over such issues as Majlis elections or an oil settlement, a serious crisis might develop. The Shah and a government enjoying his support could probably survive such a crisis, although they would lose important elements of their following.

30. The Tudeh Party will probably be unable to gain control of the country during the period of this estimate, even if it combines with other extremist groups. It will nevertheless be able to capitalize on any decrease in popular confidence in the government. It will also retain a capability for acts of sabotage and terrorism. The strength of pro-Shah anti-Tudeh sentiment in the armed forces, while at present a major deterrent to Tudeh assumption of power, will be weakened if there is a marked increase in popular support for Tudeh.

Foreign Affairs

31. The hope of obtaining continued and increasing US aid, both in restoring oil revenues and in providing funds in their absence, makes it almost certain that the Shah and his gov-

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ernments will continue to cooperate with the US. A sharp curtailment in US aid to Iran would not only make Iran less receptive to US advice and influence, but would significantly reduce public confidence in the government's ability to improve social and economic conditions and maintain internal security. There will also be increasing pressure, particularly from the Shah, for an expansion of US military aid. Even if the Shah should be offered considerable inducement in the form of military aid, he would not agree to join with the US in formal arrangements for defense of the Middle East, since such a commitment would be strongly opposed by many Iranians, would

not obtain Majlis approval, and might, in his mind, provoke the USSR into invoking the 1921 Treaty.

32. Iranian relations with the UK will largely depend on progress in settling the oil dispute. Settlement of the dispute would almost certainly result in some gradual revival of British political and commercial influence in Iran.

33. During 1954 Iran will attempt to maintain friendly relations with the USSR and will continue efforts to settle questions in dispute. It will almost certainly resist any Soviet efforts to increase its influence in Iran's internal affairs.

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CENTRAL INTELLIGENCE AGENCY

EO 13526 3.3(b)(1)>25Yrs

12 OCTOBER 1951

FROM: IRAN, TEHERAN

SUBJECT: ANALYSIS OF IRANIAN POLITICAL SITUATION

(IT IS SPECIFICALLY REQUESTED THAT NO DISTRIBUTION OF THIS REPORT BE MADE OUTSIDE OF THE AGENCY.)

1. BACKGROUND.

A. XENOPHOBIA. IRAN NOW IS ANTI-WESTERN BUT IS VIOLENT ONLY IN ITS MANIFESTATION AGAINST THE BRITISH BECAUSE THEIR PRESENCE IN IRAN UP TO THIS TIME HAS BEEN MORE SUBSTANTIAL THAN THE PRESENCE OF ANY OTHER WESTERNERS (FOR EXAMPLE, THE ANGLO-IRANIAN OIL COMPANY, BRITISH BANK AND BUSINESS FIRMS BACKED BY A LONG HISTORY OF BRITISH INTERESTS IN IRAN). MOSSADEQ CAME TO POWER ON A WAVE OF XENOPHOBIA, THE FORERUNNER OF WHICH WAS THE ANTI-RAZMARA AND ANTI-COURT MOVEMENT (RAZMARA AND THE SHAH DESCRIBED AS SERVANTS OF THE BRITISH). IF THE UNITED STATES SHOULD CONTINUE TO SIDE SPECTACULARLY WITH THE BRITISH (FOR EXAMPLE, HARRIMAN'S REFUSAL TO PASS TO THE BRITISH MOSSADEQ'S "ULTIMATUM," AND THE POSTPONEMENT OF THE \$25,000,000 EXPORT-IMPORT BANK LOAN), THE BRUNT OF ANTI-WESTERN FEELING COULD EASILY COVER THE UNITED STATES AS WELL AS GREAT BRITAIN.

B. DICTATORSHIP OF THE STREETS. THE MOSSADEQ GOVERNMENT IS THE PRISONER OF THE "STREETS." THE "STREETS" ARE COMPOSED OF TWO MAIN GROUPS: THE FOLLOWERS OF MULLAH KASHANI AND THE TUDEH PARTY (WITH SATELLITE FRONTS), BOTH OF WHICH ARE EXPLOITING TO THE FULLEST A WAVE OF GENUINE NATIONALISTIC FEELINGS OF A BROAD SECTION OF THE UPPER MIDDLE CLASS. ALTHOUGH KASHANI'S FOLLOWING IS POSSIBLY MORE NUMEROUS THAN THAT OF THE TUDEH, THE FORMER HAS NEITHER THE ORGANIZATION, DISCIPLINE, NOR REVOLUTIONARY AND CONSPIRATORIAL TRAINING AND EXPERIENCE OF THE LATTER. ACCORDINGLY, OF THE TWO THE MORE POWERFUL IS UNDOUBTEDLY THE TUDEH PARTY.

C. THE TRADITIONAL IRANIAN POLICY IS TO MAINTAIN THE BALANCE OF POWER BETWEEN THE SOVIET UNION AND GREAT BRITAIN. THE IRANIAN POLITICAL PENDULUM IS NOW SWINGING DANGEROUSLY TOWARD THE SOVIET UNION BUT GIVEN OPPORTUNITIES THE IRANIAN SHOULD REACT AND TURN TOWARD THE WEST FOR SUPPORT (PROVIDING THE WEST IS NOT REPRESENTED BY GREAT BRITAIN ALONE).

2. MOSSADEQ'S GOVERNMENT HAS POWERFUL POPULAR SUPPORT.

A. MAJLIS OPPOSITION TO MOSSADEQ COLLAPSED ON 30 SEPTEMBER 1951. ABDUL RAHMAN FARAMARZI ANNOUNCED THAT THE OPPOSITION WOULD CEASE TO ATTACK THE GOVERNMENT AS LONG AS THE OIL DISPUTE WAS UNDER CONSIDERATION OF THE SECURITY COUNCIL. SOURCES BELIEVE, HOWEVER, THAT THE COLLAPSE OF THIS OPPOSITION IS FINAL. THE SECURITY COUNCIL DEBATE IS A FACE-SAVING EXCUSE. THE OPPOSITION HAS GOTTEN "OUT ON A LIMB," DEPENDING UPON BRITISH POWER AND ROYAL COURT SUPPORT. BOTH FAILED TO COME THROUGH WITH THEIR SUPPORT AND THE OPPOSITION DEPUTIES FEAR FOR THEIR VERY LIVES.

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B. MOSLEM RELIGIOUS GROUPS, WHO AT ONE TIME MIGHT HAVE BEEN DIVERTED FROM KASHANI AND FROM HIS PRO-MOSSADEQ STAND, HAVE NOW RALLIED TO THE NATIONAL FRONT BANNER. IN A LETTER DATED SEPTEMBER 1951 NAVAB SAFAVI, LEADER OF THE FEDAYAN-I-ISLAM, MADE PEACE WITH KASHANI; A LETTER FROM BURUJURDI OF QUM (THE OUTSTANDING SPIRITUAL LEADER OF IRAN) TO THE SHAH URGED HIM TO SUPPORT MOSSADEQ.

C. KASHANI'S ENORMOUS INFLUENCE IN SUPPORT OF THE GOVERNMENT WAS DEMONSTRATED ON 3 SEPTEMBER 1951 BY THE GENERAL CLOSING OF THE BAZAARS THROUGHOUT THE NATION AT HIS REQUEST AND BY THE ORDERLINESS OF THE PARADES HE SPONSORED IN FAVOR OF THE GOVERNMENT ON THE SAME DAY.

D. THE SHAH HAS TAKEN A STAND IN FAVOR OF MOSSADEQ AND AT LEAST SINCE 17 SEPTEMBER HAS REFUSED TO LISTEN TO BRITISH ENTREATIES TO RALLY OPPOSITION IN FAVOR OF SEYYED ZIA TABATABAI. AT MOSSADEQ'S REQUEST THE SHAH HAS ORDERED THE PRINCESS ASHRAF OUT OF THE COUNTRY (SHE LEFT IN LATE SEPTEMBER 1951), THEREBY SHOWING THAT HE WOULD NO LONGER (THAT IS, FOR THE TIME BEING) CONDONE COURT INTRIGUES IN POLITICAL MATTERS.

E. THE TUDEH PARTY AND PEACE FRONT ORGANIZATIONS ARE BACKING MOSSADEQ, ALBEIT ONLY ON SPECIFIC ISSUES. AS LONG AS MOSSADEQ'S POLICY REMAINS INTRANSIGENT AGAINST THE BRITISH, THE TUDEH IS BEHIND MOSSADEQ. THE TUDEH DOES NOT APPEAR TO BE IN THE MOOD AT THIS TIME TO MAKE LIFE DIFFICULT FOR THE GOVERNMENT, AS EVIDENCED BY THE FACT THAT THE TUDEH APPARENTLY ACCEPTED THE POLICE ORDER NOT TO CELEBRATE PUBLICLY THE TENTH ANNIVERSARY OF THE FOUNDING OF THE PARTY (3 - 7 OCTOBER 1951).

3. THE BRITISH POSITION IN IRAN HAS COLLAPSED.

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B. THE INFLUENCE OF THE BRITISH EMBASSY UPON THE SHAH AND HIS COURTIER HAS PRACTICALLY CEASED TO EXIST, MAINLY BECAUSE THE SHAH IS INCREASINGLY AWARE OF THE STRENGTH OF THE "STREETS", AND FEARS THE "STREETS" AT PRESENT MORE THAN HE FEARS THE BRITISH. NO OTHER PRIME MINISTER PRIOR TO MOSSADEQ COULD CLAIM SUCH SPONSORSHIP. THE SHAH DARES NOT TALK BACK OR STEP OUT OF LINE. HE IS FULLY AWARE NOW THAT THE POLITICAL WAVE WHICH BROUGHT MOSSADEQ INTO POWER WAS IN GREAT PART AN ANTI-COURT WAVE.

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C. THE CAMPAIGN OF INTIMIDATION SUPPORTED BY CERTAIN ELEMENTS OF THE NATIONAL FRONT AND CONDONED BY MULLAH KASHANI (BUT NOT CONDONED BY MOSSADEQ) HAS CONTRIBUTED TOWARD CURRENT ELIMINATION OF BRITISH-SPONSORED OPPOSITION. (SEE ALSO PARAGRAPH 2 A ABOVE).

4. THE SOVIET UNION IS IN A RELATIVELY STRONG POSITION TO REAP ADVANTAGES.

A. THE TUDEH PARTY HAS GREAT POTENTIALITIES. ALTHOUGH INSIDE INFORMATION IS INADEQUATE, THE FOLLOWING CLUES ARE IMPORTANT:

(1) AS EARLY AS 1946 THE TUDEH HAD ORGANIZED WORKERS IN ABADAN TO A POINT WHERE THEY SUCCESSFULLY STAGED A GENERAL STRIKE.

(2) SINCE THE RAZMARA CABINET, THE TUDEH HAS ENJOYED GREATER FREEDOM OF ACTION WITH CORRESPONDINGLY INCREASED EFFICIENCY.

(3) IN 1950 THE TUDEH ORGANIZED PEACE FRONT GROUPS.

(4) IN DECEMBER 1950 THE TUDEH WAS IN A POSITION TO STAGE THE ESCAPE OF TEN OF ITS LEADERS FROM THE TEHRAN JAIL.

(5) IN APRIL 1951 THE TUDEH QUICKLY TOOK ADVANTAGE OF THE INEPTITUDE OF BRITISH LABOR RELATIONS IN ABADAN TO STAGE ANOTHER SUCCESSFUL GENERAL STRIKE.

(6) IN JULY 1951 THE TUDEH WAS ABLE TO MASS TEN THOUSAND DEMONSTRATORS IN THE STREETS OF TEHRAN AND ORGANIZE THEM IN SEMI-MILITARY ORDER.

(7) IN THE PAST YEAR THE TUDEH HAS BEEN SIGNALLY SUCCESSFUL IN CONDUCTING LARGER SCALE PROPAGANDA.

(8) AN ESTIMATE OF TUDEH AND FRONT GROUPS FOR THE TEHRAN AREA IN SEPTEMBER 1951 WAS A MAXIMUM OF THIRTY-FIVE THOUSAND, WHICH APPEARS TO BE A CONSIDERABLE INCREASE OVER A YEAR AGO.

(9) THE ECONOMIC SITUATION STANDS TO DETERIORATE FURTHER, WHICH PAVES THE WAY FOR FURTHER INCREASE IN THE POWER OF THE TUDEH PARTY.

B. THE POLICY OF THE NATIONAL FRONT AT THIS TIME PLAYS DIRECTLY INTO SOVIET HANDS.

(1) IT HAS CAUSED MISUNDERSTANDINGS BETWEEN LONDON AND WASHINGTON. THE BREACH COULD BE MADE TO WIDEN FURTHER.

(2) IT CALLS FOR THE PHYSICAL EXPULSION OF THE BRITISH FROM IRAN.

(3) IT HAS UNDERMINED THE PRESTIGE OF THE ANGLO-SAXON POWERS IN THE NEAR EAST.

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(4) IT LAYS THE GROUNDWORK FOR A COMMON FRONT OF NATIONALISTS IN THE NEAR EAST AGAINST ANGLO-SAXON "IMPERIALISTS." (THIS POLICY, FAVORABLE TO THE SOVIET UNION, CAN BE CARRIED OUT MUCH MORE SMOOTHLY BY THE MOSSADEQ GOVERNMENT, A BOURGEOIS GOVERNMENT, THAN BY A TUDEH GOVERNMENT.)

(5) THE SOVIET "SIDING" WITH IRAN AT THE SECURITY COUNCIL IN EARLY OCTOBER 1951 HAS INCREASED SYMPATHY FOR THE SOVIETS EVEN IN THE RANKS OF THE NATIONAL FRONT.

C. NOTE, HOWEVER, THAT SOVIET INFLUENCE IN IRAN HAS TO CONTEND WITH:

(1) THE ARMY, POLICE, AND GENDARMERIE WHICH REPRESENT IN THE HANDS OF THE SHAH AND THE GOVERNMENT COMPARATIVELY WELL-ORGANIZED, CENTRALIZED, AND MASSIVE REPRESSIVE FORCES, WITH NOTEWORTHY SHORTCOMING SUCH AS PENETRATION IN CERTAIN QUARTERS, CORRUPTION, AND SO FORTH.

(2) POPULAR RESISTANCE TO COMMUNISM WHICH STEMS FROM RELIGIOUS SENTIMENTS AND A REVIVAL OF NATIONALISM.

☐ DISTRIBUTION: EMBASSY, TEHRAN

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NATIONAL INTELLIGENCE ESTIMATE

PROBABLE DEVELOPMENTS IN IRAN
THROUGH 1953

NIE-75/1

Published 9 January 1953

The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The Intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. This estimate, NIE-75/1, incorporates certain amendments to the Conclusions of NIE-75 made by the IAC on 11 December. It therefore supersedes NIE-75, which was published 13 November 1952.

All members of the Intelligence Advisory Committee concurred in this estimate on 3 January 1953.

CENTRAL INTELLIGENCE AGENCY

Approved for Release
Date 23 JAN 1986

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PROBABLE DEVELOPMENTS IN IRAN THROUGH 1953

THE PROBLEM

To estimate probable future developments in Iran through 1953.

CONCLUSIONS

1. The Iranian situation contains so many elements of instability that it is impossible to estimate with confidence for more than a few months. On the basis of present indications, however, it appears probable that a National Front government will remain in power through 1953, despite growing unrest. The government has the capability to take effective repressive action to check mob violence and Tudeh agitation and will probably continue to act against specific challenges of this sort as they arise. The government is likely to retain the backing of the Shah and control over the security forces.

2. Even in the absence of substantial oil revenues and of foreign economic aid, Iran can probably export enough to pay for essential imports through 1953, unless there is a serious crop failure or an unfavorable export market. The government probably will be able to obtain funds for its operation. Some inflation will occur. Capital development will be curtailed, and urban living standards will fall. However, we do not believe that economic factors, in themselves, will result in the overthrow of the National Front in 1953.

3. Under these circumstances, the Communist Tudeh Party is not likely to develop the strength to overthrow the National Front by constitutional means or by force during the period of this estimate. Although the danger of serious Tudeh infiltration of the National Front and the bureaucracy continues, Tudeh is also unlikely to gain control by this means during 1953. Nevertheless, unexpected events, such as a serious crop failure or a split in the National Front as a result of rivalry among its leaders, would increase Tudeh capabilities greatly. And if present trends in Iran continue unchecked beyond the end of 1953, rising internal tensions and continued deterioration of the economy and of the budgetary position of the government are likely to lead to a breakdown of governmental authority and open the way for at least a gradual assumption of control by Tudeh.

4. Settlement of the oil dispute with the UK is unlikely in 1953.

5. During 1953 Iran will attempt to sell oil to other buyers, both in the Soviet Bloc and the West. Shortage of tankers will limit sales to the Soviet Bloc to token amounts. Small independent Western

oil companies will probably not buy significant quantities of oil. We estimate that major Western oil companies will not be willing to make an agreement with Iran so long as the current legal, economic, and political obstacles exist. Nevertheless, some moderate-sized oil companies are becoming restive, and it is possible that combinations for the purchase and transport of substantial quantities of Iranian oil may be made unless there is direct and strong objection by the US Government. The British would probably regard any arrangement between US oil companies and Iran, in the absence of British concurrence, as a serious breach of UK-US solidarity.

6. Kashani or possibly another National Front leader might replace Mossadeq during 1953. Any successor would probably be forced to resort to ruthless tactics to eliminate opposition. In his struggle to eliminate his opposition and particularly if he failed to do so, Tudeh influence and opportunities for gaining control would increase rapidly.

7. The Mossadeq regime almost certainly desires to keep US support as a counterweight to the USSR and appears to want

US economic and military assistance. Nevertheless, there will probably be an increasing disposition to blame the US, not only for Iran's failure to sell substantial amounts of oil or to obtain an oil settlement, but also for Iran's financial and economic difficulties.

8. Therefore, the US Point Four and military missions are likely to find it even more difficult to operate during 1953 than at present. They would probably be placed under severe restrictions if Kashani or other extremists came to power. However, neither the Mossadeq Government nor a successor National Front regime is likely to expel these missions during 1953.

9. The USSR appears to believe that the Iranian situation is developing favorably to its objectives. We do not believe that the USSR will take drastic action in Iran during 1953 unless there is a far more serious deterioration of Iranian internal stability than is foreseen in this estimate. However, the USSR has the capability for greatly increasing its overt and covert interference in Iran at any time, to the detriment of US security interests.

DISCUSSION

INTRODUCTION

10. Events since the nationalization of oil in 1951 have profoundly changed the political climate in Iran. The political forces which brought Mossadeq and the National Front to power are powerful and lasting. The Shah and the formerly dominant landowning class have lost the political initiative, probably permanently. Nevertheless, the coalition of urban nationalists and religious zealots which Mossadeq heads has no agreed program for the future, being united primarily by a com-

mon desire to rid the country of foreign influence and replace the traditional governing groups. The ability of the National Front to remain in power, as well as Iran's ultimate role in the East-West conflict, will depend in large measure on the National Front's success in working out solutions to the serious social, political, and economic problems which will confront it during the next year.

11. Although unrest in Iran derives from a complex of factors extending far beyond the oil dispute with the UK, this dispute none-

theless has become the focal point of political activity. Mossadegh rode to power on the issue of nationalization of oil, and his present political strength derives largely from his continued defiance of the UK.

PROSPECTS FOR A NEGOTIATED OIL SETTLEMENT

12. *British Attitude:* We believe that the UK will almost certainly continue to insist that there be some form of neutral arbitration of the amount of compensation for the seizure of Anglo-Iranian Oil Company properties even though nationalization *per se* is no longer an issue. The UK will probably also continue to resist making payments against Iranian claims without first obtaining firm Iranian commitments to follow through with a settlement.

13. In taking this stand, the UK is motivated primarily by considerations of prestige and precedent. The Conservative government would face strong political opposition at home if it agreed to Mossadegh's present terms. Perhaps more important, the British feel that capitulation to Iran would threaten their own and the Western position generally in other parts of the Middle East. Meanwhile, the British feel under no immediate compulsion to make a settlement with Mossadegh. In the first place, increased production in other areas has already made up for the loss of Iranian crude oil production, although the refining capacity at Abadan has not been fully replaced. Secondly, although the UK believes that lack of oil revenues will result in progressive economic and political deterioration in Iran, it does not appear to regard a Communist takeover in Iran as imminent.

14. Moreover, the British are not likely to be induced to make greater concessions to Iran by the prospect of Iran's selling oil in the absence of a settlement with AIOC. The UK probably believes that in the absence of an agreement between Iran and a major US oil company, it can continue to exert economic pressure on Iran and prevent the shipment and sale of significant quantities of Iranian oil in world markets. The British would probably regard such an agreement, in the

absence of British concurrence, as a serious breach of UK-US solidarity.

15. *Iranian Attitude:* Although the Mossadegh Government desires and needs revenues from the sale of oil, its attitude toward the oil dispute is conditioned largely by political considerations. The National Front has manipulated oil nationalization into such a powerful symbol of national independence that no settlement would be acceptable unless it could be presented to the Iranian public as a clear political victory over the UK. Mossadegh has been under growing pressure from extremists such as Kashani who maintain that Iran's oil resources are a curse rather than a blessing and that Iran should reorganize its economy to avoid dependence on oil revenues. On the other hand, Mossadegh's strength with other elements in the National Front has depended largely on his continued success in persuading the Iranian people that he is doing his best to restore oil revenues but that he is being blocked by British intransigence, injustice, and greed. Whether or not Mossadegh has the political strength and prestige to persuade the Iranian public to agree to an oil settlement on terms which the UK could accept, his performance to date provides no indication that he desires to or will do so. On the contrary, he has made successively greater demands for British concessions.

16. We believe, therefore, that a negotiated oil settlement during the period of this estimate is unlikely.

PROBABLE DEVELOPMENTS IN THE ABSENCE OF A NEGOTIATED SETTLEMENT

The Oil Problem

17. Despite the severance of diplomatic relations with the UK, Iran will probably be receptive during the coming year to further proposals for a settlement of the oil dispute. For political as well as economic reasons it will also make every effort to sell oil to other buyers, both in the Soviet Bloc and the West. It will avoid entering into any agreements which could be construed as violating Iran's sovereignty or its control of the oil industry.

18. It is unlikely that Iran will sell significant quantities of oil during 1953 unless it can make arrangements with a major Western petroleum distributing firm or a combination of moderate-sized firms. Although it is likely to sign further trade agreements with Soviet Bloc countries calling for delivery of Iranian oil, the extreme shortage of tankers available to the Soviet Bloc will restrict shipments to token amounts. It also is unlikely to sell financially significant quantities of petroleum to small independent Western oil companies in view of the difficulties which these companies would have in chartering the necessary tankers and in breaking into established markets. We estimate that major Western oil companies will not be willing to make an agreement with Iran so long as the current legal, economic, and political obstacles exist. Nevertheless, some moderate-sized oil companies are becoming restive, and it is possible that combinations for the purchase and transport of substantial quantities of Iranian oil may be made unless there is direct and strong objection by the US Government.

19. Barring an agreement with a major Western concern or combination of moderate-sized firms, Iran will not realize sufficient revenue from oil to alleviate appreciably either the government's fiscal problem or the nation's economic difficulties. The principal effect of such limited sales would be political. They would enhance Mossadeq's prestige by enabling him to claim success in defying the UK and to claim that his government was making progress toward restoring oil revenues.

Economic and Financial

20. To date the loss to Iran of oil revenues does not appear to have been directly reflected in reduced consumption levels, although investment has been slowed. Wholesale prices and the cost of living index have risen very little since early 1951. Since the beginning of 1952, there has been some drop in real income and business activity, and a corresponding rise in unemployment, mainly because of the postponement of government disbursements under budgetary pressure.

21. Until mid-1952, the government financed its deficits mostly by selling government assets to the government-controlled Bank Melli and borrowing from semi-public institutions. By mid-1952, the government had exhausted nearly all its gold and foreign exchange holdings except for the legal minimum required as backing for the currency. Since mid-1952, the government has been meeting its deficit, currently running at 300,000,000 rials a month, principally through unsecured loans from the Bank Melli.

22. Mossadeq is not likely to make substantial reductions in government expenditures. Although he at one time considered reducing the armed forces budget, more recently he appears to have realized the importance of these forces in maintaining order throughout the country. He cannot afford to stop payments to the unemployed oil workers at Abadan. Although he may attempt to resettle some of those workers in other areas, he will be reluctant to do so as long as there is a possibility of reviving the oil industry. Mossadeq may, in fact, be forced to increase government expenditures to provide, for example, working capital for factories and to finance the small economic development projects already under way. Moreover, he must find funds for relief during the slack winter months, when some unemployed agricultural and construction workers customarily migrate to the cities.

23. Prospects for increasing government revenues during 1953 are slight. The only significant sources of increased tax revenue are the wealthy landlords and capitalists. Although Mossadeq has the authority and will probably make greater efforts to tap these sources, perhaps in some cases by outright confiscation, even full exploitation of these sources would not eliminate the government deficit. On the basis of recent experience, further bond issues are not likely to raise adequate amounts.

24. In the absence of foreign aid during 1953, therefore, the government will probably resort increasingly to deficit financing, primarily by unsecured loans from the Bank Melli.

and by increasing the amount of currency in circulation. The government may also resort to confiscation of property and the sale of government stocks, such as opium and rice.

25. Iran's imports will continue to decline. Although exports are expected to be slightly higher than the 1951-1952 level, they will be sufficient to meet only about one-half Iran's imports prior to the oil dispute. In view of the near exhaustion of foreign exchange holdings, imports will have to be reduced to approximately this level, thus contributing to inflationary pressures and causing some reduction in urban business activity. Reducing imports will cause sharp reductions in the availability of luxury goods and some reductions in capital goods during 1953, but is not expected to deprive Iran of essential imports. There will also be a trend toward barter agreements, and the already substantial Iranian trade with the Soviet Bloc will tend to increase.

26. The net results of the financial and economic steps likely to be taken by the government during 1953 will probably be: price increases of perhaps as much as 20 to 30 percent; some reduction in living standards in the cities; a substantial increase in the national debt; a reduction of privately held and government stocks; and further postponement of the government's own economic development program. A continuing low level of capital goods imports will lead to some deterioration of Iran's physical plant; at the same time, upward pressures on the price level, arising in large part from government deficits and declining public confidence, will bring nearer the danger of runaway inflation. Moreover, the government will have little margin of safety for coping with such unanticipated eventualities as a serious crop failure. Although we do not believe that these developments, singly or collectively, are likely in themselves to cause the overthrow of the National Front in 1953, a continuation of these trends beyond 1953 will have a serious effect on political stability.

Political

27. The principal internal political problems facing a National Front regime will be to retain popular support, to preserve unity in the National Front, and to maintain the morale and effectiveness of the security forces.

28. During 1953 the dispute with the UK will gradually become less effective as an instrument for rallying popular support behind the government. As the economic effects of the loss of oil revenues become more noticeable, the government will be under greater pressure from large property owners to restore oil income. Tudeh and the more radical elements in the National Front will increase their demands for social and economic improvements. In response, the National Front government will probably attempt a more vigorous enforcement of agrarian and labor legislation. Enforcement will be haphazard and will require increased use of force. The agrarian program will be bitterly opposed by some landlords, and clashes between peasants and landlords are likely to increase.

29. The illegal Tudeh Party will continue to profit from the gradual economic deterioration that will take place during 1953 and from the haphazard enforcement of the government's program for social and economic improvements. The party will continue its efforts to weaken and divide the National Front, will attempt to instigate riots and disorders by peasants and urban workers, and will intensify its propaganda against the US and the Shah. It will probably make some further progress in infiltrating the National Front and some government agencies. However, the government has the capability to take effective repressive action to check mob violence and Tudeh agitation. It has recently outlawed strikes and will probably continue to act against specific Tudeh challenges to its authority as they arise. We believe that Tudeh will not be granted legal status during 1953 and that it will not develop sufficient strength to gain control of the government by parliamentary means or by force. There is serious continuing danger of Tudeh infiltration of the National Front and the gov-

ernment bureaucracy, but we believe that Tudeh will not be able to gain control of the government by this means during 1953.

30. To maintain itself in power, the government will rely increasingly on the security forces. As stated above, the government can and probably will avoid substantial reductions in the military budget. Recent changes in the high command are not believed to have significantly reduced the morale and effectiveness of the security forces. These will probably remain loyal to the government and if given explicit orders will probably be capable of maintaining order except in the unlikely event of simultaneous nation-wide riots and disturbances. We do not believe that the Tudeh Party will develop sufficient strength during 1953 to instigate disturbances beyond the capability of the security forces to control.

31. Mossadeq will probably continue to benefit from the inability of the opposition to unite or exert effective power. In the past, Mossadeq has shown great skill in isolating his opponents and attacking them one by one. He is likely to continue those tactics and to adopt progressively forceful measures against the opposition. The Majlis has granted him authority to rule by decree until mid-February, and we believe he will be able to have this power extended if he considers it necessary.

32. It seems probable that the National Front will remain in power during 1953. It is likely to retain the backing of the Shah and control over the security forces. The groups opposing the National Front are not likely to have the strength or unity to overthrow it. However, we are unable to estimate with confidence whether Mossadeq himself will remain in power during 1953. Kashani, Mossadeq's strongest potential opponent, will probably continue to exert a strong influence on Mossadeq and consequently will probably prefer to remain in the background while Mossadeq continues to shoulder responsibility. On the other hand, Kashani is building up his own political strength and might, should he so

desire, be able to oust Mossadeq by parliamentary means during 1953.

33. Kashani would also be the probable successor to Mossadeq in the event of the latter's death. Regardless of how Mossadeq is replaced, Kashani or any other National Front successor could not be assured of the support of all the diverse elements of the National Front. Any successor regime would, therefore, be likely to resort to ruthlessness to destroy opposition. In its struggle to do so, and particularly if it failed to do so, Tudeh influence and opportunities for gaining control would increase rapidly.

34. If present trends in Iran continue unchecked beyond the end of 1953, rising internal tensions and continued deterioration of the economy and of the budgetary position of the government might lead to a breakdown of government authority and open the way for at least a gradual assumption of control by Tudeh.

PROBABLE DEVELOPMENTS IF THE UK AND IRAN REACH AGREEMENT ON THE OIL QUESTION

35. If the Iranian Government reached an oil settlement with the UK — no matter how favorable to Iran — it would almost certainly be confronted with violent demonstrations in urban centers by the Tudeh Party and probably by extremist elements in the National Front. There would also be immediate danger of Tudeh sabotage of oil installations. However, the government would almost certainly have the backing of the Shah, the security forces, and the more moderate National Front elements and would probably be able to suppress these disturbances. The resumption of large-scale oil exports would go far toward easing the government's budgetary difficulties and would enable it to take steps to increase the supply of goods and reduce inflationary pressures, and to expand its economic development program. Nevertheless, anti-foreign sentiment, particularly against the UK, would remain strong, and even with substantial oil revenues the government would still have great difficulty in dispelling the antagonisms aroused between landlords

and peasants and between the "haves" and "have nots," which would continue to be a major cause of instability.

PROBABLE DEVELOPMENTS IF IRAN SELLS SUBSTANTIAL QUANTITIES OF OIL WITHOUT BRITISH CONCURRENCE

36. If Iran were to succeed in making a contract for the continuing sale of substantial quantities of oil to a major Western oil company without having reached a settlement with the UK, the economic effects would be substantially the same as those described in paragraph 35 above. Tudeh reaction would almost certainly be violent, and there might be some opposition from extremist elements in the National Front. In any event, the government could suppress any disturbances that might arise and its prestige would be considerably enhanced. Basic causes of instability would remain, but the government would be in a stronger position to arrest the trend toward eventual Tudeh control.

IRANIAN RELATIONS WITH THE US AND USSR

37. The Mossadeq regime will probably continue its pressure on the US to persuade the UK to agree to Iranian terms in the oil dispute and will be quick to criticize any signs of what it considers US support for the UK. It will also continue to request financial assistance, arguing that the withholding of US aid increases the danger of ultimate Tudeh control.

38. The Mossadeq regime will not wish completely to alienate the US. Mossadeq almost certainly desires US support as a counterweight to the USSR and he appears to desire US economic and military assistance. Nevertheless, as internal tensions mount, there will be an increasing tendency to blame the US, not only for the failure to restore substantial oil revenues, but also for Iran's financial and economic difficulties. The US military and Point Four missions in Iran may therefore find it even more difficult to operate during 1953 than at present.

39. Kashani or other extremist National Front leaders who might succeed Mossadeq

would probably be more opposed than the Mossadeq regime to the exercise of US influence in Iran and would probably place greater restrictions on US missions in Iran. However, their recognition of the need of US support to counter Soviet pressure and their acknowledgment of the value to Iran of Point Four aid would probably check any inclination they might have either to terminate Point Four aid or to expel the military missions.

40. Iran's official relations with the USSR will probably remain cool and guarded. Although both governments will seek to increase trade between Iran and the Soviet Bloc, the National Front will almost certainly avoid any action which would subject Iran to Soviet domination. On the other hand, it will not wish to destroy the USSR's value as a counterweight to the West. In the UN, Iran will probably take a neutralist, anti-colonialist position and support any attempt to establish a Neutral Arab-Asiatic bloc.

41. For its part, the USSR appears to believe that the Iranian situation is developing favorably to its objectives. While continuing its support of Tudeh and its violent radio attacks on the government and the Shah, the Soviet Union is unlikely to take any drastic action to influence the Iranian situation during 1953 except in the unlikely event of a far more serious deterioration of Iranian internal stability than is foreseen in this estimate.

42. The USSR, however, has the capability for greatly increasing its interference in Iran at any time, to the detriment of US security interests. Its capabilities include: greatly increased support of disaffection and subversion in Azerbaijan, including the infiltration of Soviet Azerbaijanis; greatly increased financial support for Tudeh; offer of economic and financial inducements to Iran; stirring up of the Kurds; and heavy pressure for the removal of the US missions, legalization of Tudeh, and removal of legal bans on the Tudeh press. The USSR would probably refrain from use of Soviet armed forces in Iran, because of the possible global consequences of such intervention. Soviet intervention short

[REDACTED]

of the use of Soviet armed forces would probably not result during 1953 in the direct overthrow of the Iranian Government or the detachment of Azerbaijan but could have a seriously adverse effect on the stability and integrity of Iran and on US security interests there.

43. Negotiations on the future of the USSR's Caspian Sea Fisheries concession, which expires 31 January 1953, may provide an indication of a change in Soviet-Iranian relations, although both Iran and the USSR will probably confine themselves at most to hard bargaining.

[REDACTED]